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**DOCTORAL THESIS**

**The Impact of Country-of-Origin on Liability-of-Foreignness**

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**The Impact of Country-of-Origin on Liability-of-Foreignness**

A thesis submitted in partial fulfillment of the requirements for the degree of

Doctor of Philosophy

Presented By

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## Statement of Originality

This thesis contains no material that has been accepted for the award of another degree at a university or other educational institution. To the best of my knowledge and belief it contains no material previously published or written by another person or persons except where due reference has been made.

…………………

Natascha Loebnitz

Faculty of Business,
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December 2009

# DEDICATION

To my dad

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## ABSTRACT

This study explores liability-of-foreignness (LOF) and how multinational corporations (MNCs) can develop competitive strategies in order to adapt to consumers' perceptions of tangible and intangible sources of LOF as a result of negative stigmatization of marketing mix elements used in the foreign market.

Upon entering a new and foreign market, MNCs encounter business environments that are far more diverse and complex that what they are accustomed to experiencing in their home market. MNCs face inherent impediments by gaps in understanding consumers' perception of respective market offerings that impact both the firm's external and internal environments, and thus, experience costs associated with marketing efforts. The costs incurred in overcoming such differences have often been grouped under the umbrella term LOF in the international business literature.

One of the major concerns of international marketers is whether the "foreignness" of a product will make it less preferable to consumers in different countries. The marketing literature covers this lack of legitimacy of foreign products under the heading of "country-of-origin effects", which affect customers' beliefs about products and services and have been identified as permanent aspects of LOF. Through the process of stigmatization, certain products are systematically excluded, because they are foreign-produced goods.

The purpose of this dissertation is three-fold. The first objective is to carry out a thorough review of extant literature by linking well-established streams of literature concerning COO, stigmatization as a result of underlying levels of consumer ethnocentrism, and the frequently discussed debate of adaptation versus standardization in the international marketing literature in an effort to provide a basis for explanation of individual cultural differences of LOF. The second goal is to develop the conceptual framework of the impact of COO on individual LOF by extending previous work on COO effects under stigmatization theory and depicting the hypothesized interrelationships between each construct. Testing the entire conceptual framework would be beyond the scope of this thesis, thus, the focus of the empirical study is the marketing of foreign services. Therefore, the third objective is to explore the relationship between stigmatization, global awareness, and consumers' preference for eight service categories, as stigmatization is the main focus of the model. In particular, the empirical employs ordered logit regression (OLR) to examine

the preference patterns of American, European, Australian, and Asian consumers for services originating from six different foreign countries for seven service categories (education, medical, law, advertising, entertainment, IT, and travel services). Results indicate that the observed variability in preference (variations in $R^2$ value up to 33.5 percent) is linked to stigma. However, the latter's capability in explaining consumer's preference patterns is dependent on the specific country of origin, the particular service category, and participants' characteristics such as culture and gender. Implications of the findings are considered and future research directions identified.

This dissertation contributes by extending stigmatization in the marketing and international business domain, addressing the ramifications of LOF for six different COOs on the individual level of analysis.

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# ABBREVIATIONS

| Abbreviation | Definition |
|---|---|
| ABS | Australian Bureau of Statistics |
| BUREC | Bond University Research Ethics Committee |
| CDBA | Cost of Doing Business Abroad |
| CFA | Confirmatory Factor Analysis |
| COC | COO of the corporation |
| COO | Country-of-Origin |
| FDI | Foreign Direct Investment |
| GAP | Global Awareness Profile |
| LOF | Liability-of-Foreignness |
| MNC | Multinational Corporation |
| MNE | Multinational Enterprise |
| OLR | Ordered Logit Regression |

# 1. CHAPTER ONE
# INTRODUCTION

This dissertation explores the Liability-of-Foreignness (LOF) and how multinational corporations (MNCs) can develop competitive strategies and at the same time adapt to consumers' perceptions of tangible and intangible sources of LOF as a result of negative stigmatization of marketing mix elements used in the foreign market. MNCs operating in a global environment face inherent impediments, which can be seen in both the internal and external environments in ways that can impact the foreign firm. Host country organizations have different consumer expectations and therefore, cost associated with the marketing efforts. MNCs encounter business environments that are far more diverse and complex that what they are accustomed to experiencing in their home market. The costs incurred in overcoming such differences have often been grouped under the umbrella term LOF in the international business literature (Hymer, 1960; Kindleberger, 1969). LOF may be experienced internally as well as externally and stem from tangible and intangible sources.

Internally, LOF's tangible derived costs are identified as physical plant location, top marketing team's composition/makeup, composition of the workforce and operating manager, and ownership of the company, while intangible costs include corporate reputation, organizational morale, strategic alignment with LOF issues, and perceived relative importance of LOF issues by marketing managers.

Externally, LOF's tangible derived costs are identified as products, brands, advertising, sales personnel, and physical assets representing the firm, while intangible costs include customer loyalty, brand reputation, product reputation, country-of-origin (COO), and quality of customer service. See Table 1-1 for a delineation of LOF from tangible/intangible as well as internal versus external environments.

Researchers have hypothesized that the worldwide marketplace will become so homogenized that MNCs can market standardized products and services all over the world, using identical strategies, resulting in lower costs and higher margins (Jain, 1989). Conversely, today's marketplace is marked by diverse customer tastes and preferences; thus, Lee and Chen (2003) have argued that MNCs should emphasize localization strategies because adaptation to local norms is essential for the success of a new subsidiary. Regardless of a firm's strategic pursuit, cultural fit between a

MNC's values and the values of the receiver (e.g. stakeholder), will determine the success of a firm's strategy. Thus, understanding consumers' perceptions of a MNC's offerings with regards to cultural differences in each market is instrumental in developing a successful marketing campaign (De Mooij, 1998).

*Table 1-1 Sources of Liability-of-Foreignness*

| **Location of LOF** | **Tangible Sources of LOF** | **Intangible Sources of LOF** |
|---|---|---|
| Within the organization | • Physical plant Location<br>• Top Marketing Team's Composition/Makeup<br>• Composition of the workforce & Operating Managers<br>• Ownership of the Company | • Corporate Reputation<br>• Organizational Morale<br>• Strategic Alignment with LOF Issues<br>• Perceived Relative Importance of LOF Issues by Marketing Managers |
| External to the Organization | • Products<br>• Brand<br>• Advertisements<br>• Sales Personnel<br>• Physical Assets Representing the Organization | • Brand Image<br>• Product Image<br>• Country-of-Origin Image<br>• Customer Loyalty<br>• Quality of Customer Service |

One of the major concerns of international marketers is whether the "foreignness" of a product will make it less preferable to consumers in different countries (Schooler, 1965). Host country customers find it more difficult to judge foreign organizations and the quality of their product. The marketing literature covers this lack of legitimacy of foreign products under the heading of "country-of-origin effects". COO affects product evaluation in general (Nagashima 1970), specific types of products (Schooler, 1971), specific brands (Gaedeke 1973), as well as evaluation of services (Javalgi & Ramsey, 2001). Therefore, consumer evaluations and/or preferences for foreign products can be product origin, or product/origin-specific. Hence, host country customer preferences have been identified as permanent aspects of LOF (Petersen & Pedersen, 2002).

## 1.1 Liability-of-Foreignness as a Research Domain

The theoretical foundation of LOF is the work of Hymer (1960), who indicated that foreign organizations face additional costs, not incurred by local organizations stemming from: (a) a MNC's unfamiliarity with the foreign environment in which it engages in operations; (b) discriminatory attitudes of customers, suppliers, government agencies, etc.; and (c) additional costs associated with operating internationally. The literature indicates that the additional costs incurred by a foreign firm due to LOF, ceteris paribus, diminish its competitive advantages over domestic counterparts (Zaheer, 1995). Although a great deal of research has focused on LOF (Luo & Mezias, 2002), significant gaps remain in the literature inhibiting academic understanding and managerial action. Prior research investigating LOF has primarily focused on the sources of LOF (Hymer, 1960; Zaheer, 1995).

Zaheer (1995) pioneered the examination of specific disadvantages that subsidiaries of MNCs operating abroad faced and classified at least four, not necessarily independent sources: a) spatial distance, b) unfamiliarity with local environment, c) discrimination faced by foreign organizations, and d) restrictions with the home country, with all subject to variation depending on industry or country. Similarly, Matsua (2000) explored three major sources of LOF, which were culture and language differences, economic and political regulations, and spatial differences between parent and subsidiary. Table 1-1 summarizes the key sources of LOF related to the external and internal environment, as well as tangible versus intangible sources.

Although there is general agreement on the primary sources of LOF, identifying a specific LOF in a focal country remains a daunting task due to difficulties stemming from methodological and research design challenges (Mezias, 2002).

Previous research has substantially advanced our understanding of LOF although little research has specifically focused on costs derived from differences in consumers' perceptions of foreign offerings. Upon entering a new environment, which presents unique challenges stemming from cultural differences in consumers' preferences, a lack of roots in the local environment is often most evident in social and cultural differences between countries. For instance, Buckley and Casson (1976) found that LOF due to unfamiliar political, legal, social, cultural, economic/competitive and governmental environments hindered firms' operations. As a result, Zaheer and Mosakowski (1997) recommended that organizations should enter countries that are culturally similar as measured by concepts such as physical distance.

However, due to rapidly shrinking domestic marketplaces and the lowering of national barriers to trade, marketers need a better understanding of culturally derived LOF, which is largely tacit in nature and hence difficult to assess. Marketers need to be better equipped for entering culturally diverse markets by gaining a thorough knowledge of the dimensions of the LOF concept. Cultural differences will manifest themselves in the greatest degree of information asymmetry in different consumers' preferences and attitudes due to increased levels of uncertainties. This is in part due to the missing knowledge and/or experience with a foreign company and its products and services. This aspect of "lack of legitimacy" in foreign markets has been the focal-point in the marketing literature on COO effects (Kaiser & Sofka, 2006). The central thesis of this stream of research is that consumers treat the information of the COO as a clue as to the product and/or service quality. In particular, some consumers evaluate domestic products more favorably than foreign products, when the products are identical in all other respects (Shimp & Sharma, 1987).

## 1.2 The Importance of Country-of-Origin Research

For the last three decades, there has been substantial literature on the COO effect on consumers' perceptions, evaluations, attitudes, and purchase intentions. The underlying assumption for COO studies is the fact that consumers treat the information about the country-of-origin as a cue regarding product/service quality. Furthermore, COO studies focus on the relationship between beliefs about an object and the attitude toward the object (Fishbein, 1963), its influence on product bias (Schooler, 1965), and the relationship between the product and the brand (Gardner & Levy, 1955). COO effects appear to be product specific with regards to technical complexity, the degree of availability, familiarity, and perceived serviceability of foreign versus domestic products (Han, 1990). In addition, the beliefs held by consumers about the appropriateness of purchasing foreign-made products (consumer ethnocentrism), and the perceived level of economic development of the source country (Schooler, 1971) affect success.

Product evaluations also vary with the degree of similarity of the home country's economic, cultural, and political systems to the foreign country (Wang & Lamb, 1983). Moreover, Maheswaran (1994) has suggested that COO is used in product evaluation as a stereotyping process that allows consumers to predict the likelihood of a product manufactured in a certain foreign country to have certain features; generally, consumers will evaluate a product more favorably if it has a favorable COO. Thus, COO can be used as a heuristic to simplify the product evaluation process even though other available product cues may be more useful (Li & Wyer, 1994). Interestingly, recent COO studies (Balabanis & Diamantopoulos, 2008; Özsomer & Altares, 2008), report that consumers have limited knowledge of the origin of products and brands, and thus "past research has inflated the influence that COO information has on consumers' product judgments and behavior" (Samiee, Shimp, & Sharma, 2005, p.379). However, regardless of whether consumers can accurately identify a MNC offerings' country of origin, a multitude of COO studies have provided evidence that COO is an important determinant of consumer attitudes, purchase intentions, and behavior (see, e.g., Papadopoulos & Heslop, 1993; Gürhan-Canli, & Maheswaran, 2000). Therefore, if such bias becomes widespread within a culture, COO bias can act as a major disadvantage and therefore negatively impact the foreign firm differently from native organizations, simply because of the foreign status. Therefore, in order to minimize the potential liability stemming from its foreign status, marketers need to identify the underlying construct of such culturally driven bias and develop strategies to address the differences in perception. What causes this COO effect? Of course, many product rejections result from idiosyncratic preferences and inclinations; however, other instances of product rejection appear to be based on the shared values or preferences of groups of individuals. Different researchers have suggested different explanations for this phenomenon (Balabanis & Diamantopoulos, 2004; Klein, Ettenson, & Morris, 1998).

### 1.3 Stereotyping and the Role of Stigmatization

The cognitive approach assumes that stereotyping occurs as a result of biases in cognition, especially in the operation of perceptions and memory. Bodenhausen and Lichtenstein (1987) define stereotyping as a "simplifying strategy employed by the social perceiver to facilitate his or her interactions with a complex environment" (p.873). Thus, stereotyping results in the formation of an image which is evoked in the mind of the consumer when exposed to certain stimuli, and which can be used to interpret and classify new information. Social psychology researchers use the process of stigmatization in order to understand how people construct categories and link these categories to stereotyped beliefs.

Foreign products are systematically excluded, because they are foreign-produced goods. Goffman (1963) defined stigma as "an attribute that is deeply discrediting" (p. 3) and is a process of global devaluation of a product that possesses a deviant attribute. Stafford and Scott (1986) proposed that stigma “is a characteristic of persons that is contrary to a norm of a social unit where a “norm” is defined as a “shared belief that a person ought to behave in a certain way at a certain time” (p. 81). Finally, Jones, Farina, Hastorf, Markus, Miller, and Scott (1984) argued that stigma could be seen as a relationship between an “attribute and a stereotype” that produced a definition of stigma as a “mark” that linked a person (product) to undesirable characteristics (stereotypes). Thus, stigma is not a characteristic of a person, product, or service, but a consumer’s exaggerated negative interpretation of a characteristic (Ellen & Bone, 2008).

It is worth noting that the activation of a stereotype/stigmatization is not necessarily a conscious activity and Devine (1989) found that common stereotypes are activated automatically when members of the stereotyped group are encountered. However, upon entering a foreign market, consumers might attach negative stereotypes to foreign offerings, thus leading to a negative “mark”, which classifies it as a culturally derived LOF. Despite the fact that empirical studies suggest that stigma can be mitigated, marketers need to be able to identify these LOF and act to prevent automated activation of negative stereotyping.

## 1.4 Statement of the Problem

While MNCs face different LOF, some more easy to detect than others, consumers find themselves overwhelmed by exuberant product/service ranges to choose from. Consumers categorize or evaluate brands and products based on various attributes, but as markets and products become more complex, consumers increasingly seek means of simplifying information processing and rely on substitute or surrogate indicators (e.g., COO). Of course, many consumer rejections result from idiosyncratic preferences; however, other instances of product rejection appear to be based on the culturally shared values or preferences of groups of individuals. Through the process of stigmatization, certain products are systematically excluded, because they are foreign-produced goods. MNCs need to develop skills to "read" culturally derived LOF by identifying consumers' attitudes towards various sources of LOF.

## 1.5 Research Objectives and Research Question

The main research question addressed in this study is "how can MNCs influence host country consumers" perceptions about their products, services, brands, prices and the like, given the phenomenon of LOF?".

Thus, the objective of this dissertation is to develop adaptation strategies for foreign organizations that address the issues of consumers' culturally based perceptions of LOF based on the construct's external tangible as well as intangible sources. The purpose of this dissertation research is as follows:

1. To compare consumers' attitudes toward tangible as well as intangible sources of LOF of multinational enterprises with their respective domestic counterparts. Given that external tangible sources of LOF include products, brands, advertising, sales personnel, and physical assets representing the firm, and external intangible sources of LOF include customer loyalty, brand reputation, product reputation, COO, and quality of customer service;
2. To compare consumers' attitudes toward different product and service categories with their respective domestic counterparts;
3. To investigate the constructs underlying foreign product and service bias; and
4. To determine which marketing strategies would be most effective in overcoming negative biases or enhancing positive biases toward tangible as well as intangible sources of LOF.

The analysis of this study focuses on the following overall questions:

- What are the general attitudes of consumers toward products, brands, advertising, sales personnel, and physical assets of the MNC in the host country compared to its domestic counterpart?
- What are the general attitudes of consumers toward customer loyalty, brand reputation, product reputation, COO, and quality of customer service of the MNC in the host country compared to its domestic counterpart?

- With respect to product, what are the general attitudes of consumers towards different product categories of the MNC in the host country compared to its domestic counterpart?
- Does stigmatization explain the evaluation of various sources of LOF of a MNC?

## 1.6 Motivation and Contribution

The present study is motivated by several factors and the contribution is threefold, including a contribution to theory, research, and practice.

### *1.6.1 Contribution to Theory*

Firstly, this dissertation seeks to advance the marketing and international business literature by extending stigmatization in the marketing domain. Present studies seeking to directly examine specific LOF in focal countries utilized resource-based theory (Sethi & Guisinger, 2002), evolutionary perspective (Hennart, Roehl, & Zeng, 2002), socioeconomic theory (Luo, Shenkar, & Nyaw, 2002), organizational learning theory (Petersen & Pedersen, 2002), and the information asymmetry view (Calhoun, 2002). However, Luo and Mezias (2002) have stated that a lack of theoretical pluralism limits the scope and level of analysis for investigating LOF. This dissertation employs stigma theory, an underexposed social psychological theoretical construct in the marketing domain (Ellen & Bone, 2008), to document the existence of LOF with respect to marketing costs. Thus, this dissertation adopts stigmat of products, services, and companies based on the “COO label”, defined as “an attribute that is deeply discrediting" (Goffman, 1963, p. 3) as the core construct, employing Bogardus’s (1925) social distance scale.

Secondly, by investigating stigma as the explanatory construct for marketing related LOF, this dissertation provides a theoretical framework for understanding consumer processing of various sources of LOF. The current literature has yet to address the ramifications of LOF on the individual level of analysis, meaning how distinctively a company’s COO directly and indirectly influences consumers’ perceptions of tangible and intangible marketing variables, and thus product and service preferences. The current literature has yet to address how the consequences of a Multinational Enterprise’s (MNE) market offerings directly and indirectly influence consumers' attitudes and perceptions among various cultures and further how they vary across different COOs. Thus, in addition to identifying specific marketing and culturally-based LOF, this dissertation provides a deeper comprehension of "what it really means to be foreign or alien in a particular environment" (Zaheer, 2002, p. 357).

Thirdly, the dissertation will contribute to the issue debated frequently in the international marketing literature of whether to pursue a standardization or adaptation strategy. While little has been written regarding LOF with respect to marketing costs, findings from research on globalization shed light on this question. A major theme in globalization is that as technology evolves and barriers disperse, consumer preferences around the world converge (Jain, 1989), and thus, standardization strategies are utilized. However, the predicted hypothesis that globalization entails homogenization in consumers' mind and behavior appears to be no longer taken for granted (Belk, 1996), and therefore culturally diverse consumers are different in their attitudes and perceptions, tastes and preferences, and values, even after being exposed to the massive wave of globalization. Although the extra layer of cost for the foreign operation is difficult to quantify (Calhoun, 2002), by demonstrating the existence of LOF with respect to marketing costs, this dissertation plans to lend theoretical support for MNEs on the desired degree of adaptation (or standardization) strategies with respect to various marketing variables. Therefore, the theoretical underpinnings for the current study are provided by the streams of research in the literature in the areas of international business, international marketing, and consumer behavior with particular emphasis on COO effects.

### *1.6.2 Contribution to Research*

Recent research on LOF has sought to directly investigate specific LOF in focal countries and empirically demonstrate its existence with respect to: profits (Zaheer, 1995); survival (Zaheer & Mosakowski, 1997); revenue, production costs, and marketing costs (Luo et al., 2002); efficiency (Miller & Parkhe, 2002; Miller & Richards, 2002); labor lawsuits in the United States of America (USA) (Mezias, 2002); and profitability, growth, and survival (Nachum, 2003). Despite this, the literature on LOF, conceptually and empirically, with respect to marketing costs is sparse. Luo et al.'s (2002) study is the only one related to LOF marketing and focuses on either defensive strategies (e.g., contract protection, tighter linkages with the parent

MNE) or offensive strategies of the MNE subsidiary (e.g., local networking to enhance legitimacy). Therefore, to further our comprehension of the phenomenon of the LOF with respect to marketing costs, this dissertation aims to demonstrate culturally-based LOF as a result of consumers' perceptions of various marketing variables.

Additionally, it is interestingly to note that besides one research study (Mezias & Mezias, 2007), all previous research analyzed LOF at the firm level. However, most scholars imply or explicitly state that these firm-level liabilities exist in part because of a corresponding phenomenon at the individual-level of analysis (Zaheer, 1995). Therefore, this dissertation aims to contribute to the LOF research by garnering theoretical attention and empirical analyzes of LOF at the individual level of analysis – the consumer. This dissertation argues that products and services get marked by the "made in" label (COO effects), which result in stigma. Previous COO-effect studies have utilized consumer ethnocentrism as the underlying construct to explain consumers' beliefs about buying foreign products and services in general. Although stigma and consumer ethnocentrism can be related, stigma is conceptually and theoretically more specific. Consumers with low ethnocentric tendencies might find it perfectly acceptable to buy foreign products in general but might shun products or services from specific countries. Thus, a consumer might purchase many imported goods but not products from a particular target country. Likewise, consumers with high ethnocentric tendencies might be willing to tolerate the purchase of products or services imported from some countries but not others. Stigma may also occur via automatic activation of negative in-group stereotypes, thus research-wise and for marketers; the distinction between consumer ethnocentrism and country-specific stigma is significant.

Lastly, scholars often assume a relationship between evaluations of a product/service's quality and purchase decisions. This assumption is certainly valid in many contexts and provides the rationale for micro-level marketing research that focuses on product attributes, product promotion, and their effects on brand choice. However, this dissertation provides evidence that in many other circumstances, macro-level sociological phenomena plays a significant role in consumers' decision behavior. If the level of stigma is sufficiently strong, its effect may be so dominant that purchase decisions no longer are influenced by evaluation of the product/service.

### *1.6.3 Contribution to Practise*

While the contribution of this thesis may be significant for theory and research, the primary motivation for this thesis is the potential impact of the results upon international marketing/business strategies. Operating in foreign markets presents considerable challenges and opportunities for international marketers.

From the perspective of the multinational marketer, the understanding of consumer aversion to foreign products and services is of interest as that trait may be a barrier to success in foreign markets. However, one has to keep in mind that consumers can have a positive or neutral image about a country while they have a negative image about a country's products and services, which may even vary from product/service category to product/service category. For instance, consumers may have a negative image about Germany but positive evaluations about German cars but again, negative for German services. Hence, results will be useful in developing product-positioning strategies in foreign markets, and may help to explain the biased perception of domestic/foreign products (Han & Terpstra, 1988).

The current research attempts to increase our understanding of how foreign products and services can gain acceptance from the end-consumer, from whom the firm is attempting to gain legitimacy. Furthermore, investigating adaptation costs will help organizations to minimize external uncertainty related to culturally-based external environmental elements. Developing an understanding of the nature of underlying relationships between various sources of LOF and marketing will help organizations to decide whether patterns of these relationships are similar or dissimilar across national borders to the domestic counterpart.

The research has practical implications that may shed light on the standardization versus localization debate in international advertising strategy. The components and degree of localization of international advertising can be determined. This study may suggest answers to questions such as: what elements of culturally derived LOF sources should be localized to fit foreign consumers?

Managerial implications also will be explored to help international marketers: the findings may guide international marketers to evaluate how local consumers will respond to their offerings, thus, they may be able to more effectively position their offerings with respect to culturally derived LOF and therefore minimize the detrimental effects of culturally derived costs.

## 1.7 Structure of the Thesis

| | |
|---|---|
| Chapter One<br>Introduction | Chapter one introduced the topic of the dissertation and sets the stage for the research problem, the research question, and the purpose of the study. |
| Chapter Two<br>Literature | Chapter two takes the reader through an in-depth discussion of the pertinent literature; mainly Stigmatization, Country-of-Origin, and Liability of Foreignness. |
| Chapter Three<br>Conceptual Framework | Against the theoretical background, Chapter three develops the conceptual framework for the dissertation and constructs the research hypotheses. |
| Chapter Four<br>Method | Chapter four outlines the adopted methodology. The discussion includes the research variables used in the study and the preliminary steps (data manipulation and analysis) before hypotheses testing. |
| Chapter Five<br>Results | Chapter five presents the empirical findings and interpretations of analysis. |
| Chapter Six<br>Discussion | Chapter six is the final chapter. Interpretations and conclusions are summarized and related to earlier literature, to the research question, and to the purpose of the research. The contribution of the study is also discussed. Final remarks include limitations of the study and suggestions for future research. |

## 1.8 Chapter Summary

This chapter presented an introduction of the dissertation and a summary of the sections that follow. Included were a background of the research with a brief introduction of important terms within the dissertation and the identification of the research issues and objectives. The contribution of the dissertation was discussed with regards to theory, research, and practice. An overview of the structure of the dissertation concluded the chapter.

In sum, the core purpose of this chapter was to identify the background and motivation for this research, the research issues, and research objectives. Other discussion within the chapter presented brief introductions of sections that are dealt with in greater detail later. The next chapter presents the literature pertinent to guiding these research issues.

# 2. CHAPTER TWO
# LITERATURE REVIEW

This chapter reviews existing theories and past research in the fields of interest. Prior research is used to develop a theoretical framework to guide the exploration of the research issues.

Chapter 2 is organized as follows: Section 2.1 provides an overview of stigma (and its dimensions) that includes a discussion of the definitional issues within the marketing literature, with an emphasis on COO labeling. Section 2.2 seeks to present an enhanced conceptualization of the notion of LOF together with an overview of its empirical evidence and its application and significance to COO research. Drawing upon the market-based asset perspective, the chapter goes on to argue that sources of LOF can be divided into tangible and intangible sources. Section 2.3 presents the literature on relevant COO effect studies with respect to tangible sources of LOF while Sections 2.4 presents relevant COO effect studies with respect to intangible sources of LOF. Section 2.5 concludes the chapter.

## 2.1 The Experience of Discrimination as a Result of Stigma

To fully understand what it is like to experience discrimination, it is important to know what factors set others apart from the dominant group. People live in cultures, which influence people's behavior, attitudes, beliefs, and other psychological characteristics (Fiske, Kitayama, Markus, & Nisbett, 1998), including those related to prejudice and discrimination (Jones, 1997). One way in which the cultural aspect of prejudice and discrimination is expressed is through group privilege.

Group privilege is defined as membership in the powerful dominant group, a status that is seen as normal and natural and is usually taken for granted (Johnson, 2006). Whether they are consciously aware of it or not, individuals with privileged status define which groups do or do not share this status. Those that do not share this status are stigmatized due to violation of norms established by the privileged group and are "devalued, spoiled, or flawed in the eyes of others" (Crocker, Major, & Steele, 1998, p. 504).

## 2.2 What is Stigma?

Stigma is a powerful phenomenon, inextricably linked to the recognition of difference based on some distinguishing characteristic or ‘mark’ and a consequent devaluation of the person. Due to stigma’s application to an enormous array of circumstances and multidisciplinary interpretation, definitions of stigma vary. Most theory and research on the stigmatization process can be traced to Goffman (1963), who defined stigma as "an attribute that is deeply discrediting" (p. 3). For example, Stafford and Scott (1986) have proposed that stigma “is a characteristic of persons that is contrary to a norm of a social unit” where a “norm” is defined as a “shared belief that a person ought to behave in a certain way at a certain time” (p. 81). Crocker et al. (1998) indicated that “stigmatized individuals possess (or are believed to possess) some attribute, or characteristic, that conveys a social identity that is devalued in a particular social context” (p. 505). Jones et al. (1984) used Goffman’s observation that stigma can be seen as a relationship between an “attribute and a stereotype” to produce a definition of stigma as a “mark” (attribute) that links a person to undesirable characteristics (stereotypes).

## 2.3 Dimensions of Stigma

Despite the fact that almost everyone has had the experience of being different from the majority, these experiences are short-lived or otherwise benign. Jones et al. (1984) identified six dimensions of stigmatizing conditions that are particularly helpful in differentiating between harmful and benign stigmas: (1) concealability, which involves the extent to which the stigmatizing characteristic is necessarily visible; (2) the course of the mark, relating to whether the mark may become more salient or progressively debilitating over time; (3) disruptiveness, which refers to the degree to which the stigmatizing characteristic interferes with the flow of interpersonal interactions; (4) aesthetics, which relates to subjective reactions to the unattractiveness of the stigma; (5) origin of the stigmatizing mark, which can also involve the person’s responsible for creating the mark; and (6) peril, which involves the perceived danger of the stigmatizing condition to others. Scholars have also used the empirical approach to identify the dimensions of stigma. The dimensions that emerge as most central in this approach are the perceived danger of the stigma (peril), the visibility of the stigma (concealability), and the controllability of the stigma (origin) (Frable, 1993).

Crocker and colleagues (1998) argue that "visibility" and "controllability are the most important dimensions of stigma for the experience of both the stigmatizer and the stigmatized person. Controllability is important because people with stigmas that are perceived to be controllable are less liked and more rejected than those whose stigmas are perceived to be uncontrollable (Weiner, Perry, & Magnusson, 1998).

## 2.4 Stigma in Marketing Literature

Long and frequently studied as a social phenomenon, stigma is an underexposed theoretical construct in the marketing domain (Ellen & Bone, 2008). Although the term "stigma" is often used colloquially in marketing to describe a product or person to whom a negative image has been ascribed (Wilson, 2005), relatively little has been written about stigmatization in the marketing literature. Few marketing-related studies focus almost exclusively on social stigma and the coping mechanisms of people who feel or fear stigma (e.g., food stamp users, Wilde & Andrews, 2000; low-literate consumers, Adkins & Ozanne, 2005; or stigma associated with genetically modified food, Ellen & Bone, 2008). Research has demonstrated that being stigmatized has significant negative consequences for a person and psychological marking of stigmas and their negative implications are still prevalent (Argo & Main, 2008). However, stigma is not limited to just social stigma and marketing's almost exclusive focus on social stigma has ignored the broader context of stigma as recognized by other disciplines (e.g. sociology), where stigma is defined as "a mark placed on a person, place, technology, or product associated with a particular attribute that identifies it as different and deviant, flawed or undesirable" and results in elevated risk perceptions (Kasperson, Jhaveri, & Kasperson, 2001, p. 19). Although, marketing academics have studied other marks, such as COO labeling, which have been shown to systematically influence consumers' quality perceptions, yet to date the marketing literature has largely ignored the construct of stigma and its potential impact on consumers quality judgments, attitudes, and choice behavior in the marketplace.

## 2.5 Country-of-Origin – An Overview

Schooler (1965) was amongst the first researchers to observe what later on came to be termed as the COO effect, namely, that "foreignness" of a product will make it less preferable to consumers in different countries, and thus, the name of the country on the product labels has an impact on product evaluations. Since then, an extensive treatment of country image in the marketing literature followed, accumulating empirical evidence that a bias against foreign products does exist, which is manifested in product perceptions and preferences. This holds for products in general (Anderson & Cunningham, 1972; Bannister & Saunders, 1978; Gaedeke, 1973; Nagashima, 1970), for classes of products (Dornoff, Tankersley, & White, 1974; Gaedeke, 1973; Nagashima, 1977), for specific types of products (Gaedeke 1973; Krishnakumar, 1974), and for specific brands (Gaedeke, 1973). Furthermore, it holds whether the product source countries are more developed countries or less developed countries or within less developed countries.

Thus, there is a clear consensus that COO, as a cognitive cue, influences consumers' product evaluations and preferences. However, various studies have shown that COO is not merely another cognitive cue, but it has symbolic and emotional meaning to consumers (Verlegh & Steenkamp, 1999). For example, Botschen and Hemettsberger (1998) found that consumers link COO not only to product quality, but also to feelings of national pride and memories of past vacations. Moreover, such symbolic and emotional connotations transform COO into an "image" attribute and such attributes have been shown to be significant determinants of consumer preferences (Lefkoff-Hagius & Mason, 1993). Verlegh and Steenkamp (1999) discuss normative aspects of COO effects, which implies that consumers hold social and personal norms related to COO and thus purchasing domestic products may be regarded as a "right way to conduct", because it supports the domestic economy (Shimp & Sharma, 1987). Nonetheless, COO of a product is an important determinant of a consumer's bias against it (Verlegh & Steenkamp 1999), thus, consumers' favorableness or unfavorableness towards a product varies according to the product's specific origins (Peterson & Jolibert, 1995). To complicate matters, product category and product origin seem to interact with each other (Roth & Romeo, 1992). Thus, consumer evaluations of, or preferences for, foreign products can be product-, origin-, or product/origin-specific.

## 2.6 Exemplifying the Components of Stigma – COO

According to Link and Phelan (2001), stigma exists when the following interrelated components converge: (a) people distinguish and label human differences; (b) dominant cultural beliefs link labeled persons to undesirable characteristics that form the stereotype; (c) labeled persons are seen as an out-group, as “them” and not “us”; and (d) labeled persons experience status loss and discrimination that lead to unequal outcomes (p. 367). The following shows the link of COO literature with themes related to components of stigma described by Link and Phelan (2001) to demonstrate the full implications of the COO effect.

### *2.6.1* Distinguishing and Labelling Differences – COO as “Made In” Label

The vast majorities of human differences are ignored and therefore socially irrelevant (e.g., color of one’s car, the month of one’s birth) and are routinely overlooked, whereas other differences (e.g., skin color, IQ, sexual preferences) are highly salient. The point is that there is a social selection of which human differences are considered relevant and consequential and which are not.

The marketing literature has studied marks, such as COO labeling, which have been shown to systematically influence consumers’ quality perceptions, and thus COO or “made in” labels are an important cognitive cue that is used by consumers to infer beliefs regarding product attributes such as quality (Bilkey & Nes, 1982; Steenkamp, 1990).

### *2.6.2 Associating Human Differences with Negative Attributes – Stereotyping*

The second component of stigma occurs when human differences become associated with undesirable attributes, thus, involving a label and a stereotype, which links a person to a set of undesirable characteristics that form the stereotype.

Looking at the COO phenomena, one immediately thinks of it in terms of stereotypes. In fact, most studies done on the COO effect explicitly or implicitly talk about the roles of stereotypes. Stereotypes are viewed as oversimplified conceptions or opinions about people that serve to communicate to those individuals accusations that are specifically devaluing. There is substantial evidence demonstrating that stereotypes exist in most cultures throughout the world, and that the majority of members reared in a particular culture are aware of the existing stereotypes, regardless of whether the stereotypes are believed or even consciously accessed (Devine, 1989). Crocker and Major (1989) demonstrated that stereotypes are highly pervasive, both in terms of the number of groups that are stereotyped and the number of people who endorse stereotypes about various groups.

Several studies have proposed that the COO phenomenon may be explained as a "halo" construct (Han, 1989; Erickson, Johansson, & Chao, 1984; Shimp, Samiee, & Madden, 1993), assuming that country image will be specific to product categories (e.g., the image for Russian vodka may be different from that of Russian cars). Consumers are said to use country image as a halo in product evaluation when they infer the quality of an unknown foreign brand based on their general perceptions of the source country. For instance, French wines and German cars often carry favorable country stereotypes and thus possess a stigmatized identity flourishing in our society. In fact, marketers recognize this fact and often use verbal allusions to a product's COO and capitalize on Germany's reputation for engineering in their advertising message (Head, 1988).

However, consider a man of Arabic-descent who is repeatedly denied employment because Western employers have decided that Arabic men are terrorists. In this case, the effects of stereotyping are much more far-reaching, because the individuals who are making the decisions have the same pictures in their heads. When stereotype are consensually shared within a society, their consequences become much more pernicious, because they affect entire groups of people in a common way.

As Gardner (1994, p. 27) stated, an ethnic group member "may be somewhat chagrined to find that a few individuals in the larger community have beliefs about the characteristics of the group of which he is a member, but it has major implications…when such beliefs are relatively widespread in the community". Thus, stereotypes are represented as part of the social fabric of a society; shared by the people within that culture (Stangor & Schaller, 2000), with negative stereotypes paving the way to stigma (Hogan & Mallot, 2005).

### *2.6.3 Separating "Us" from "Them" – Consumer Ethnocentrism*

The third component of stigma occurs when social labels connote a separation of "us" from "them" (Devine, Plant, & Harrison, 1999; Morone, 1997). It has been long recognized that group memberships contribute to our sense of who we are and of our place in the world (Brown, 1988) by providing us with a sense of social identity.

A related theme is the importance of social comparison processes. Festinger (1954) proposed that other people serve as vital reference points for the evaluation of our abilities and the validation of "out" opinions. Festinger (1954) proposed that there exists a drive to evaluate one's own opinions and abilities by comparison with the opinions and abilities of others, which has a strong impact on peoples' behavior. In particular, people tend to move into groups of similar opinions and abilities, and they move out of groups that fail to satisfy their drive for self-evaluation, which essentially creates a status structure. Sumner (1906) has been attributed with coining the term "ethnocentrism", which he defined as the interaction between members of the in-group, who are mutually similar, and members of the out-group, who are dissimilar to the in-group (as cited in Le Vine & Campbell, 1972). Those in the in-group not only believe their ways and manners are superior to the out-group, but they actually view the ways and manners of the out-group as inferior. Members of the in-group have a tendency to intensify and exaggerate those ways and manners that differentiate them from the out-group, thus strengthening that unique behavior (Le Vine & Campbell, 1972).

Consumer ethnocentrism specifically refers to ethnocentric views held by consumers in one country, the in-group, towards products from another country, the out-group (Shimp & Sharma, 1987). Shimp and Sharma (1987) defined American consumer ethnocentrism as "the beliefs held by American consumers about the appropriateness, indeed morality, of purchasing foreign made products". Thus, ethnocentric consumers are said to view domestic-country products as superior or preferable to those made abroad. The purchase of imported products is seen by these consumers to be wrong because it hurts the domestic economy, causes loss of jobs, and is unpatriotic. In particular, ethnocentrism measures the rejection of everything considered foreign (Klein et al., 1999).

Measuring the construct with a 17-item scale (CETSCALE), Shimp and Sharma (1987) found general attitudes towards foreign products to be negatively correlated with ethnocentric tendencies. Furthermore, highly ethnocentric consumers were found to be more inclined to accentuate the positive attributes of domestic products while discounting the virtues of foreign items.

Ethnocentric tendencies in consumers do not develop in isolation but rather are part of a constellation of social-psychological (e.g., openness to foreign cultures, patriotism, collectivism-individualism, and conservatism) and demographic influences. Consumer ethnocentrism is expected to co-vary with age, gender, educational level, and income (Sharma, Shimp, & Shin, 1995) and these demographic characteristics are not conceptually independent of the socio-psychological constructs.

Furthermore, consumer ethnocentrism is affected by product per se and varies among product categories. For instance, Sharma et al. (1995) found that the less important a product category the greater the ethnocentric tendencies and behavior exhibited by consumers. Moreover, the impact of consumer ethnocentrism depends on the level of development of the consumers' home country. According to Wang and Chen (2004), consumers from a developed country tend to appreciate more favorably domestic products over imported ones, whereas the reverse has been observed in developing countries, where consumers perceive foreign products as superior compared to their domestic counterparts.

With regard to consumer ethnocentrism, Sharma et al. (1995) suggested that cultural similarity between countries is one factor that may influence the effect of consumer ethnocentric tendencies on attitudes toward foreign products, whereas Balabanis and Diamantopoulos (2004) argued that similarity between countries of origin is unrelated to preference or rejection of foreign products. Additionally, they found that consumer ethnocentrism is sometimes negatively related to preferences for foreign products, yet it is mostly unrelated, leading to the conclusion that, overall, consumer ethnocentrism is a more consistent predictor of preferences for domestic products rather than for foreign products.

Thus, preference for domestic products has been found in several studies (Gaedeke, 1973; Nagashima, 1970; Papadopoulos, Heslop, & Bamossy, 1994) indicating that consumer ethnocentrism is useful in determining the effectiveness of “buy domestic” promotional campaigns. In particular, Nagashima (1970) found that Japanese businessmen did not rate domestic products as highly as expected in his comparison of Japanese and USA attitudes towards products from selected countries. Similarly, in a large-scale study involving consumers from eight countries, Papadopoulos et al. (1994) found that consumers in Canada, the USA, Great Britain, Greece, and Hungary all provided higher overall ratings for Japanese products than for goods produced in their own country.

Consumer-ethnocentric tendency is an important individual-level construct and holds valuable implications for a better understanding of COO dynamics. In particular, consumer ethnocentrism provides marketing managers with a useful concept for understanding consumers' reasons for buying domestic versus imported products, and especially why certain segments of consumers prefer domestic goods whereas others do not care about the distinction between domestic and imported products. Furthermore, importers and exporters alike will benefit from understanding consequences of ethnocentric tendencies by selecting target markets and formulating appropriate marketing strategies accordingly.

#### *2.6.4 Status Loss and Discrimination*

In this part of the stigma process, the labeled person experiences status loss and discrimination (Link & Phelan, 2001). According to Link and Phelan (2001), when people are labeled, set apart and linked to undesirable characteristics, a rationale is constructed for devaluing, rejecting, and excluding them. Thus people are stigmatized when they are labeled, set apart and linked to undesirable characteristics which lead them to experience status loss and discrimination. If labeling and stereotyping lead to discrimination of stigmatized individuals or a group, and these arrays of beliefs become part of the wider collective representation, the self-concept of members from a targeted group will be distorted.

#### *2.6.5 The Dependence of Stigma on Power*

It takes power to stigmatize people. Bruce et al. (2001) state that social, economic, and political power is essential to stigmatize as power contributes to the social production of stigma and respective negative representations of the stigmatized. Due to stigma's dependence on power, one has to inquire whether people who might stigmatize have the power to ensure that recognized and labeled differences are broadly identified in the culture, and that the culture recognizes and accepts the stereotypes that connect to the labeled differences. Thus, it becomes obvious that in order to stigmatize, the 'in-group' needs power to enforce recognized differences and to make these differences accepted in culture. However, the role of power is often overlooked because power differences may be so taken for granted as to seem unproblematic.

### 2.7. COO – A Mark with a Stigma?

Table 2-1 exemplifies the six dimensions of stigma (Crocker et al., 1998), which capture the severity of the stigma, with regards to COO effects providing an overview of each dimension and by interpreting COO effects along each dimension.

*Table 2-1 Identifying Features of Stigma*

| Dimension | Definition | Perceived Treatment | COO |
|---|---|---|---|
| Concealability = Visibility | Whether a stigmatizing conditions can be hidden from others | Crocker, Major, & Steele (1998) suggest that stigmatizing treatment depends on degree to which the stigmatizing characteristic is visible or concealable – more visible, more subject to stigmatized treatment | When COO information is salient and relevant to consumer judgment – deliberation of adaptation versus standardization approach |
| Course | The way the condition changes over time, and its ultimate outcome | A long-term course is associated with lowered acceptance (Hinshaw, 2007) | Being foreign = inevitably "chronic status" of being foreign receives more stigmatization than acute stigmatization but COO image is subject to change as well |
| Disruptiveness | How much the conditions hampers social interactions | Disruptiveness overlaps with other dimensions of stigma (aesthetic qualities) and varies across different stigmatized groups and even within a specific stigmatized group (e.g., mental illness: depressed people vs. agitated paranoia vs. obsessive-compulsive people) (Hinshaw, 2007) | Conservative consumers avoid conduct which disturbs traditional order (Watson & Wright, 2000)<br>Due to lower quality perception,<br>Foreign products/services are rejected but COO effect varies across product categories |

| Dimension | Definition | Perceived Treatment | COO |
|---|---|---|---|
| Aesthetic Qualities | How much the attribute makes the individual repellent, or upsetting to others | Human preferences in terms of appearance and attractiveness of peers, reveal strong tendencies to reject those who fail to meet standards of beauty (Hinshaw, 2007)<br>Degrees of aesthetic preferences are country-bound (Javalgi, Cutler, & Malhotra, 1995) | Foreignness: symbols, language/accents, sales personnel, content of appeal |
| Origin = Controllability | How the stigmatizing condition was acquired, and who was responsible (congenital, accidental, intentional, or imagined) | Perceived controllability - Observers are more likely to dislike, reject, and harshly treat people whose stigmas are perceived as more controllable than those with uncontrollable stigmas (Kurzban & Leary, 2001) | Congenital: foreignness<br>Intentional: stressing COO in advertising campaigns<br>Imagined: |
| Peril | Kind and degree of danger that the stigmatizing condition poses to others | Perceived threat: Realistic group conflict theory (Campbell, 1965) – incompatible group interests lead to less tolerance and more hostile behavior (Sherif, 1966) | Underlying motive and strategy for entering a new market is likely to influence the extent to which the foreign status is perceived as a threat or not. |

*Note.* Adapted from Crocker, Major, & Steele (1998) and Boyce, Ryan, Imus, & Morgeson (2007).

## 2.7 The Precursors of the Liability-of-Foreignness Construct

Upon entering a foreign market, MNEs are at a disadvantage relative to domestic firms in several aspects of doing business in host countries. The underlying idea is not new, as evident in extensive studies in the foreign direct investment (FDI) literature as well as in the cost of doing business abroad (CDBA) literature. And while both constructs measure some disadvantages MNEs face when entering global markets, the FDI literature focuses predominately on foreign investors' firm specific sources and types of advantages in intangible assets (Mezias, 2002), while CDBA consists primarily of market-driven costs related to geographic distance (Eden & Miller, 2004).

Hymer (1960) was the first scholar to pioneer the field of "international operations of national firms" by tackling the problems and determinants of FDIs by arguing that MNCs could triumph over imperfections by internalizing the market for intangible assets via FDI. Hymer (1960) saw operations into foreign countries as costly in terms of adaptation to an environment which is unknown and often hostile culturally, socially and economically. His early recognition of MNCs' disadvantages laid the foundation for recent theoretical refinements and empirical investigations of specific types of foreign subsidiary disadvantages (Mezias, 2002) and thus, is seen as the precursor to what is today referred to as LOF.

## 2.8 Definition of Liability-of-Foreignness

The concept of LOF refers to the disadvantages or costs incurred by multinational organizations doing business in unfamiliar or foreign environments. However, rather than focusing on market-driven costs that dominate the CDBA concept (Kindleberger, 1969), the LOF construct draws attention to structural/relational and institutional CDBA (Zaheer, 2002). Initially, Zaheer (1995) viewed LOF almost synonymously with CDBA, but reframed the concept as follows: LOF comprises costs that are associated with a foreign firm's network position in the host country and its linkages to important local actors, which results in poorer access to local information and resources (Zaheer, 2002). Furthermore, LOF is an inherent dynamic concept (Zaheer & Mosakowski, 1997), thus, not all sources of LOF can be expected to continue at the same level forever. To elaborate, as a firm becomes more of an insider in a particular country (Ohmae, 1990), developing linkages and aligning its values and actions to the institutional requirements of the host environment, its LOF should decline and perhaps disappear (Zaheer, 2002). There is a consensus that variation of LOF by firm, home and host countries and industry are also a given, as both market-driven and social costs will be affected by heterogeneity along these dimensions (Zaheer, 1995, Zaheer & Mosakowski, 1997, Zaheer, 2002).

Costs may occur due to spatial distance, unfamiliarity with the local environment, differential treatment by the host country, and costs imposed by the home-country environment (Zaheer, 1995). Matsuo (2000) examined the factors, which determine the use of expatriates in Japanese MNEs in the United States and argued that LOF stems from culture and language differences, economic and political regulations, and spatial differences between parent and subsidiary. Eden and Miller (2004) argued that LOF stressed the social CDBA arising from unfamiliarity, relational and discriminatory hazards that foreign firms faced compared to their local counterparts.

## 2.9 Empirical Evidence of Liability-of-Foreignness

Table 2-2 summarizes selected empirical studies that have investigated specific disadvantages facing subsidiaries of MNCs operating abroad, and it becomes evident that LOF is reflected in the poorer performance by MNE subunits (e.g., Miller & Parkhe, 2002; Miller & Richards, 2002), higher exit rates (e.g., Hennart, Roehl, & Zeng, 2002), and increased lawsuits (Mezias, 2002) compared to local firms. Notwithstanding, sources of LOF imposed on multinationals and their products as well as other tangible and intangible costs arising from external stakeholders abound and thus respective problems are ubiquitous.

Principally, ‘the walk to the unknown’ does not come without costs, which are often unknown and unanticipated. At the heart of LOF is differential treatment between insiders (host country governments, consumers, firms) and outsiders (foreign firms), underscoring the importance of legitimacy in local environments.

In addition to work on LOF and firm performance, some researchers have focused on firm strategies to reduce LOF. Generally speaking there is dissension on whether LOF should be treated as fixed costs or as marginal costs. For instance, Hymer (1960) argued that overcoming national advantage involved only a one time, fixed cost for foreign investors. In particular, Hymer (1960) has stated that the activities and power of MNCs reduce the nation-states' ability to control their own destiny and reduce their independence, which results in a general erosion of power of the host country. Similarly, Barkema, Bell, and Pennings (1996, p. 151) state that "over time, firms may learn from previous globalization efforts and reduce the barriers that prevent them from freely tapping cheap labor, new technology, and foreign product markets, and ultimately become veritable multinational enterprises".

*Table 2-2 Selected Empirical Studies on Liability-of-Foreignness*

| Year | Author(s) | Purpose | Findings |
|---|---|---|---|
| 1995 | Zaheer | To examine whether firms in a competitive, globally integrated environment face a "LOF" and to what extent either importing home-country organizational capabilities or copying practices of successful local firms can help them overcome this liability | Results support the existence of a LOF and the role of a firm's administrative heritage in providing competitive advantage to its multinational subunits |
| 1996 | DeYoung & Nolle | To estimate the relative profit efficiency of foreign-owned and USA owned banks between 1985 and 1990 by employing a profit efficiency model | Results indicate that foreign-owned banks were significantly less profit-efficient than were USA - owned banks, primarily due to foreign banks' reliance on expensive purchased funds |
| 1997 | Zaheer & Mosakowski | To study the impact of ‘foreignness on survival in interbank currency trading worldwide over the period 1974-93 | The results show that there is a LOF and that it changes over time. Strategic and organizational factors (adoption of technology by these firms, mode of internal control) significantly influenced survival, as did location-related factors (intensity of local and foreign competition) |
| 1998 | Petersen & Pedersen | To investigate whether international firms familiarize with foreign markets at different paces as a consequence of managerial discretion, such as willingness to undertake local adaptation | Results suggest that entrant firms' learning engagement, i.e., the effort and ability to learn how to conduct business in a foreign environment, varies considerably |

| Year | Author(s) | Purpose | Findings |
|---|---|---|---|
| 1999 | Kostova & Zaheer | To examine organizational legitimacy in the context of the multinational enterprise (MNE) | Authors argue that MNEs were rewarded for isomorphism with the local environment, receiving increased legitimacy, resources, and survival capabilities, whereas failure to conform adversely affected their legitimacy (usage of stereotypes and imposing different criteria to judge MNEs) |
| 2002 | Eden & Molot | To link recent insights on LOF, transaction cost economics, multimarket competition and the resource-based view (RBV) into a theoretical model of sequential entry by rival multinationals | Findings indicate that LOF, firm rivalry and governance inseparability are key factors determining winners and losers in the sequential bargains. International institutions and home country governments are external forces that can also affect bargaining outcomes |
| 2002 | Miller & Parkhe | To empirical investigate whether a priori theoretical expectation of LOF hold in global banking industry for the period 1989-96 | Findings strongly support the Liability-of-Foreignness hypothesis. Particularly, X-efficiency of a foreign-owned bank is strongly influenced by the competitiveness of its home country and the host country in which it operates. Additionally, some environments USA-owned banks are more X-efficient than other foreign-owned banks in some environments, but less X-efficient in others |
| 2002 | Miller & Richards | To examine the performance of foreign versus domestic firms in a regional economic group | Results provide evidence of a Liability-of-Foreignness—foreign-owned firms under-perform host country firms. However, LOF can vary across countries; foreign firms can overcome LOF in some host countries, even industrialized ones. Lastly, results reveal that foreign-owned banks from highly competitive home countries under-perform foreign firms from less competitive home countries |

| Year | Author(s) | Purpose | Findings |
|---|---|---|---|
| 2002 | Sethi & Guisinger | To present conceptualization of LOF that goes beyond the traditional foreign subsidiary–local firm dyad in the host country by contending that LOF is aggregated effect of firm's interaction with international business environment | Employing resource-based theory to present a notion that accurate reading of host country environments is a part of tacit skills that attenuate LOF |
| 2002 | Hennart, Roeh, & Zeng | To investigate whether 32 exits of Japanese manufacturing affiliates from the USA provide a reliable measure LOF | Less than half of our exits are attributable to a Liability-of-Foreignness. Support a view that not all foreign exits indicate failures of international expansion |
| 2002 | Luo, Shenkar, & Nyaw | To propose effective mechanisms that can overcome LOF comprising of defensive options (contract protection, parental control, parental service, and output standardization) and offensive options (local networking, resource commitment, legitimacy improvement, and input localization) | Results suggest that contracts and local networking exert different influences on the consequences of LOFs. In particular, contracts reduce production and marketing costs but do not stimulate sales revenues, whereas local networking enhances sales revenues but does not reduce production and marketing costs |
| 2002 | Calhoun | To link literature concerning FDI, corruption, and cross-cultural differences to provide a basis for explanation and future testing of certain cultural sources of LOF | Information asymmetry view (externally: degrees of transparency due to state's institutional practices and procedures; internally: different observable behavior and less observable idiosyncratic values differences) explains the existence of cultural barriers between home and host countries as well as between parent firms and foreign subsidiaries |

| Year | Author(s) | Purpose | Findings |
|---|---|---|---|
| 2002 | Mezias | To examine whether labour lawsuit judgments represent a liability for foreign subsidiaries operating in the United States | Results indicate that foreign subsidiaries faced significantly more labour lawsuit judgments in both federal and state jurisdictions. Furthermore, foreign subsidiaries using American top officers/having more USA operations faced fewer lawsuits, while foreign subsidiaries using human resource professionals actually faced more labor lawsuit judgments |
| 2003 | Nachum | To examine the reasons for this departure from theory, the study advances a theoretical framework that distinguishes between three types of advantages that together account for the competitive performance of MNEs relative to that of indigenous firms | Results show that firm-specific advantages and multinationality enabled foreign firms to outperform local firms in the London financial services industry |
| 2004 | Eden & Miller | To answer call for a deeper understanding of LOF and its ramifications through an deconstruction of the relationship between CDBA and LOF | Argue that LOF stresses the social costs (unfamiliarity, relational, and discriminatory hazards) of doing business abroad, whereas CDBA includes both economic and social costs. Key driver behind LOF is institutional distance (cognitive, normative, and regulatory) between the home and host countries |
| 2005 | Sofka & Zimmermann | To examine LOF due to lack of embeddedness in host markets by estimating the relative turnover of major foreign new car manufactures | Most foreign producers have managed to overcome LOF in Germany through firm-specific advantages, still some face significant challenges. In particular, home market advantages are more deeply rooted in the Western Germany and that foreign competitors find a more accessible competitive environment in Eastern Germany |

| Year | Author(s) | Purpose | Findings |
|---|---|---|---|
| 2009 | Schmidt & Sofka | To analyse whether LOF acts as a filter for foreign firms, restricting their access to host country knowledge | Results show that multinational firms can compete on an equal footing with host country rivals when it comes to generating impulses for innovations from suppliers and academia |
| 2009 | Elango | To understand the strategies foreign firms use to cope with LOF in an alien environment and compete successfully with domestic firms, specifically through boundary spanning | Results indicate that foreign firms on the average under-perform compared to domestic firms. Foreign firms take differing strategic posture to cope with LOF and once this strategic posture of foreign firms is controlled for, performance differentials do not exist between foreign and domestic firms |

## 2.10 Tangible/Market-Based Assets as Sources of Liability-of-Foreignness

The base construct, assets, can be any physical, organizational, or human attribute that enables the firm to improve its efficiency and effectiveness in the marketplace (Barney, 1991). Assets can be tangible or intangible, on or off balance sheet, and internal or external to the firm (Srivastava, Fahey, & Shervani, 2000). Tangible assets refer to the fixed and current assets of the firm that have a fixed long run capacity (Wernerfelt, 1989). Examples include physical assets representing the firm, products, brands, advertising, and personnel. Market-based assets include relational (outcomes of the relationship between a firm and key external stakeholders) and intellectual types (knowledge a firm possesses about the environment) and are intangible. Lusch and Harvey (1994) note that off-balance sheet intangible assets such as corporate image and reputation are becoming more important contributors to overall organizational performance.

Market-based assets can generate an increase in satisfaction and willingness to be involved with the respective firm, and market-based assets as well as tangible assets constitute a liability for firms simultaneously. For example, the product (goods or service) offering of the firm represents one of the key means for value creation and for building a brand image through product/service reputation. With the value and image, however, comes a major area of risk exposure in terms of corporate reputation, particularly for a foreign firm as the product provides the essential interface with the customer and a major driver of corporate reputation.

## 2.11 Uncertainty due to External Information Asymmetry

According to Calhoun (2002), the most significant consideration when venturing abroad is uncertainty, which involves a lack of knowledge about the market (Johanson & Vahlne, 1977). In particular, foreign firms must cope with external environmental elements that differ from those in their native country, which results in uncertainty due to unpredictability of the external environment. In the LOF literature, Zaheer and Mosakowski (1997) examined exit patterns of trading rooms and concluded that LOF arose “mainly from the foreign firm not being sufficiently embedded in the information networks in the country of location” (p. 447). They acknowledged that LOF exists but decreases with in-country experience and eventually disappears. Conversely, Teece (2000) argued that obtaining available information will not resolve the uncertainty problem as it involves understanding that is contained within people and thus, uncertainty in the external environment is considered an ongoing liability (Johanson & Vahlne, 1977). Despite the fact that MNEs can gather information about a foreign market, Casson (1979) argues that the uncertainty faced by a foreign entrant goes deeper than just a lack of factual information as it involves a lack of cultural understanding (Calhoun, 2002). Consequently, this thesis seeks to examine LOF through the relatively underexplored lens of marketing by focusing on understanding underlying constructs of cultural barriers.

The internationalization (Jahanson & Vahlne, 1977) process model rests on the assumption that firms have imperfect access to information about foreign markets, which creates 'psychic distance'. Johanson and Vahlne (1977) argued that gaining local market experience is the driving factor in the internationalization process, as it produced the perception of psychic distance in foreign markets. Thus, the gap will only close when the foreign firm gains a level of cultural understanding similar to that of a native firm.

## 2.12 The Consumer Component of Uncertainty – The Stigma of Being Foreign

While a firm's constant exposure to its environment and the interaction between the two leads to an organizational entity that functions effectively and efficiently within the specific domestic social, cultural, economic and legal environment (Kaiser & Sofka, 2006), foreign counterparts find it difficult to acquire, substitute or imitate this knowledge because it is largely tacit and casually ambiguous (Barkema & Bell, 1996; Jensen & Szulanski, 2004). Foreign firms lack local embeddedness and suffer from frictional losses in their host country engagements that materialize as lower levels of efficiency and effectiveness (Mezias, 2002). The literature suggests that MNCs develop the capacity to reduce barriers to foreign entry through good bargaining positions vis-à-vis host governments (Ruygrok & van Tulder, 1993), through accumulation of foreign experiences, thus suggesting that all learning is incremental and therefore related to time (Barkema & Bell, 1996).

However, achieving collective acceptance in host countries is a major driver of internationalization, but unfortunately, influencing local customers' preferences is difficult to control. Vernon (1986) recognized that foreign firms faced a local bias, which initiated the COO research stream, and dealt explicitly with the stigma of being foreign, as discriminatory treatment is not reserved exclusively for government institutions. Local consumers may have unfavorable perceptions of outsiders and favorable perceptions of insiders, reflecting consumer ethnocentrism (Balabanis, Diamantopoulos, Mueller, & Melewar, 2001). The marketing literature covers this lack of legitimacy of foreign products under the heading of "country-of-origin effects" (Verlegh & Steenkamp, 1999), concluding that host country customer preferences have been identified as permanent aspects of LOF (Petersen & Pedersen, 2002). The COO literature concludes that images of foreign produced goods and services (a) appear to be relatively homogeneous throughout an importing country, (b) vary from one importing country to another, (c) contain a strong element of patriotism favoring local products and services, and (d) vary significantly over time (Hooley, Shipley, & Krieger, 1988).

Considering the large body of COO research and in view of the growing internationalization of products and services, LOF derived from consumer ethnocentrism may play an important role in the global marketplace. The finding that product evaluations relate to a number of characteristics of the origin country emphasizes the role of general impressions of countries in the COO effect (Bilkey & Nes, 1982). However, consumers' beliefs about certain countries are subject to change (Verlegh & Steenkamp, 1999). Thus, MNCs incur not only costs that a local firm would not incur; these particular costs are subject to change. Therefore, whereas some costs under the LOF umbrella are quantifiable and anticipated, the cost of consumers' preference adaptations to offerings of foreign MNCs represents a denotative liability, which is not going to go away by itself over time and foreign subsidiaries have trouble managing these liabilities (Zaheer & Mosakowski, 1997).

The literature on culturally derived LOF costs in the external business environment is sparse. Despite accrediting unfamiliarity with the local environment (Zaheer, 1995), lack of sufficient embeddedness in the information networks in the country of location (Zaheer & Mosakowski, 1997), and intense pressure for isomorphism with local environments (Ghoshal & Bartlett, 1990) as drivers of LOF, the phenomenon of 'collective reservation' toward foreign marketing variables from a customer perspective has not been investigated. Calhoun (2002) made an effort to examine culturally derived sources of LOF by contrasting external and internal information asymmetry in the external environment. In particular, Calhoun (2002) argued that in the environment external to the firm, cultural differences are reflected in varying levels of transparency related to the state's institutional practices and procedures, whereas in the internal firm environment, cultural differences manifest in observable behavior differences and less observable value differences of individuals. Nonetheless, Calhoun (2002) fails to consider cultural differences as reflected in ethnocentric tendencies of local consumers' perceptions of tangible and intangible sources of LOF. Kaiser and Sofka (2008) investigated detrimental effects of LOF in the German automobile market by identifying two major factors, firstly, a lack of legitimacy in the host country on the demand side and second, a lack of responsiveness on the side of the MNC (lack of responsiveness and adaptation). Again, although they contributed to the understanding of host country consumers' lack of legitimacy by choosing unit sales as an indicator of success on the German automobile market, they did not tackle the issue from the actual problem, which would be lack of legitimacy due to local consumers' reservations towards the concept of 'foreignness'.

Thus, the issue that merits further exploration is determining local consumers' perceptions of tangible and intangible sources of LOF, which are external to the organization (see Table 2-3), as host country customer preferences have been identified as permanent aspects of LOF (Petersen & Pedersen, 2002).

*Table 2-3 External Sources of LOF*

| **Location of LOF** | **Tangible Sources of LOF** | **Intangible Sources of LOF** |
|---|---|---|
| External to the Organization | • Products<br>• Brand Name<br>• Advertisement Content<br>• Sales Personnel<br>• Physical Assets Representing the Organization | • Brand Image<br>• Product Image<br>• Country-of-Origin Image<br>• Customer Loyalty<br>• Quality of Customer Service |

## 2.13 An Overview of COO Research

As discussed above, sources of LOF can be tangible or intangible and internal or external to the firm. According to Anderson and Gatignon (1986), MNEs face greater uncertainty than domestic firms, both in terms of external uncertainty (due to unpredictability of foreign environments) and internal uncertainty (due to difficulties of managing employees at a distance and from different cultures). It is evident that, with regards to intraorganizational relations, MNEs face more difficulties with (a) supervising and managing employees (Hennart, 2001), (b) increased transaction costs and managerial information-processing demands (Hitt, Hoskisson, & Kim, 1997), (c) variations in managerial motivations and goals due to cultural differences (Calhoun, 2002), and (d) conflicting lines of authority (Sundaram & Black, 1992). Additionally, MNEs face interorganizational costs due to additional costs of negotiating, monitoring dispute settlement, and trust building (Eden & Miller, 2004).

However, the focus of this thesis is on the external environment. Thus the following is an overview of relevant COO studies that shed light on the spreading repercussions of the LOF construct in the marketing domain. Section 2.15 and 2.16 provide an overview of COO effects with respect to the tangible and intangible sources of LOF external to a firm respectively. Moreover, Section 2.15 will conclude with a summary table of empirical evidence on COO effects and tangible sources of LOF (see Table 2-4) while Section 2.16 will conclude with a summary table of empirical evidence on COO effects and intangible sources of LOF (see Table 2-5).

## 2.14 Tangible Sources of LOF External to Organization – COO Effects

### *2.14.1 COO Effects on Products*

A considerable amount of research has been made on COO effects and the findings support the idea that country stereotypes do exist and that COO indeed has an effect on product evaluations and purchase decisions. COO effects have been found to exist for products in general (Darling & Wood, 1990), for certain product categories (Cordell, 1992), product types (Schooler, 1971), and for industrialized goods (White, 1979). Most of these studies have shown that COO effects produce image and consumer evaluations by signaling product quality (Han 1989).

According to Bilkey (1982), COO analysis has focused on buyers' opinions regarding the relative qualities of goods and services produced in various countries. It appears that buyers in more developed countries tend to regard most products made in less developed ones as being of lower quality than most products made in more developed ones. Logically, this gives a competitive advantage to producers from more industrialized nations. However, other studies have demonstrated that consumers use COO as an attribute, albeit a weak one (Hong & Wyer, 1989). Also the conditions under which, and the process by which, COO information influences evaluation are not clearly understood (Li & Monroe, 1992). Maheswaran (1994) suggested that such mixed findings could be more easily understood based on the premise that consumers use COO as stereotypical information in making evaluations. Additionally, numerous dependent variables have been investigated in COO studies such as quality/reliability perceptions and purchase intentions.

### *2.14.2 COO Effects on Brand Name*

Empirical and experimental studies have indicated that COO has a considerable influence on people's attitudes towards specific brands (e.g., Bilkey & Nes, 1982; Tse & Gorn, 1993). However, there are also notable studies, which have questioned its validity (Erickson et al., 1984; Johansson et al., 1985). It was established that when consumers are not familiar with a country's product, a summary construct model operates in which consumers infer product information onto country image which then influences brand attitude (Han, 1989). Brand quality image was also found to diminish if it was designed or assembled in a less prestigious country (Johansson & Nebenzahl, 1986), suggesting that perhaps the marketing effort should stress country of design (Schweiger, Otter, & Strebinger, 1997). Khachaturian and Morganosky (1990) found that, for apparel, less-developed country origins resulted in more potential for a decline in quality image for the brand. Similarly, Wall et al. (1991) found that unknown brands are favored only when they are made in high reputation countries.

Han and Terpstra (1988) found that both the COO and the brand name affect consumer perceptions of product quality and that the sourcing country had a greater effect on consumer evaluation than the brand name. However, one shortcoming is that the preference for domestic products/brand may be an issue of consumer patriotism. Service and product warranty were extra information cues associated with the product and these might have influenced the evaluation process. Schaefer (1997), however, found that brand familiarity and objective product knowledge together have a significant effect on the use of COO cue in product evaluations, although neither of the two factors have a general effect on their own. Hauble (1997) found that both the brand name and the COO have a significant impact on consumers' attitudes towards a new motor vehicle. More recently, however, Lee and Ganesh (1999) reported that, with product and brand familiarity, moderate familiarity consumers use COO information less than low- or high-familiarity consumers.

Tse and Gorn (1993) investigated the salience of COO effects in an era when firms are globalizing their operations and found that in contrast to the general notion that a well-known global brand will override the COO effect, the COO was an equally salient and more enduring factor in consumer product evaluation. In summary, the findings of COO effects on brands of hybrid products are inconclusive and subject to change over time (Nagashima, 1977; Morello, 1984).

### *2.14.3 COO Effects on Advertising Content*

In the international marketing literature the issue of advertising standardization has ignited a lively and heated debate among academics and managers alike (Moon & Jain, 1999; Verlegh, Steenkamp, & Meulenberg, 2005; Chao, Wührer, & Werani, 2005). The standardized approach to advertising has been supported under the assumption that universal advertising can work advantageously. Many scholars have asserted that the communications revolution has created such a level of convergence among consumers across national markets that national culture should no longer be cited as a barrier to international advertising standardization. Proponents of the standardized approach point to (a) cost savings in advertising concept development, (b) economies of scale from centralizing worldwide advertising authority at the home office, (c) full utilization of home office advertising expertise hard won on the field, (d) consistent unified image of the product, (e) ensured concern for corporate wide objectives in promoting the product, and (f) similarities in the usage of media among specific segments across nations (e.g. Levitt, 1983; Douglas & Wind, 1987; Yip, 1989). However, Marinov, Marinov, Manrai, and Manrai (2001) doubt the success of standardized strategies as in order to be effective MNC need to address the diversity of cultures by identifying the similarities and differences in the cultural historical, political and economic environment of these countries. Marinov et al. (2001) doubt is confirmed as research studies reveal that the COO effect affects consumers' evaluation of advertising. A number of studies have focused on the effect of COO stereotypes in promotional strategy. For example, Roth and Romeo (1992) found that the willingness to buy a product from a particular country is high when the country image is also an important characteristic for the product category.

Schleifer and Dunn (1968) and Dunn (1976) investigated the relative effectiveness of advertising of foreign and domestic origin. Results suggest that a product's origin should be stressed only if there is evidence showing the origin country, and its people, are seen as a reference group by target consumers.

Moon and Jain (1997) investigated the responses of Korean consumers to USA and German advertisements by probing the impact of consumers' three cross-national individual difference variables (COO perceptions, consumer ethnocentrism, and country attitudes) on their responses toward foreign advertisements and advertised products. When consumers view a foreign advertisement, their attitudes toward the country and culture that are reflected in the advertisement may affect their responses to the foreign advertisement above and independent of their COO perceptions. Moon and Jain (1997) found positive effects of consumers' country attitudes on their responses to the creative presentation of international advertising, and positive effects of consumers' COO perceptions on their responses to the buying proposal of international advertising. However, Moon and Jain (1997) did not find the hypothesized negative effect of consumer ethnocentrism on their responses to international advertising. In summary, it was found that consumers' country attitudes primarily affect responses to the culture-related creative presentation while their COO perceptions primarily affect responses to the buying proposal of a foreign advertisement.

Furthermore, Verlegh, Steenkamp, and Meulenkamp (2005) examined whether COO has a dual role when it is presented in conjunction with other product information (i.e., advertising claims). They found that COO may act as a source variable that moderates the effect of ad claims on product evaluations. In line with the literature on (corporate) source credibility, and propose that the source credibility of a COO is higher when consumers associate it with a more favorable product–country image. They found support for the notion that COO acts both as information variable and as source variable and that COO strongly influences consumer product evaluations, even in the presence of additional information presented by ad claims.

Moreover, Chao, Wührer and Werani (2005) investigate the moderating effect of COO with respect to foreign branding and celebrity endorsement on consumer attitude, product quality perceptions, and purchase intentions. Their results indicate that the use of a foreign celebrity and brand name can be a liability as a result of consumer ethnocentrism.

These findings add to the body of research indicating that consumers use COO as an informational variable, and reinforces the notion that COO plays an important role in consumer product evaluations (Verlegh & Steenkamp, 1999). The practical implications shed light on the standardization versus localization debate in international advertising strategy. It is contended that exporting firms should conduct research surveys which measure target market consumers' attitudes toward the manufacturing (or brand origin) country, to determine if their attitudes are favorable or unfavorable. The standardization strategy is likely to be preferable if the target market consumers' country attitudes and COO perceptions are positive. However, localization strategy is preferable if the target market consumers' country attitudes and COO perceptions are negative.

#### *2.14.4 COO Effects on Sales Personnel*

Modern cities mirror the openness of an industrialized global society, as they have become a meeting place of people from different national, cultural and ethnic origins. The economic benefit of cultural diversity in the city may be manifold, as it may enrich the socioeconomic opportunity base, create a varied supply of talents on the labor market, or enhance the creativity possibilities in the city (see Jacobs, 1961; Florida, 2002). At the same time, it ought to be recognized that a large influx of people from different sociocultural and ethnic origins may become problematic, if they do not share the same value system. Negative stereotypes of ethnic salespeople might result in stereotype threats of these personnel. For example, Hispanic employees have a negative stereotype of being 'lazy' and as a result situational pressure caused by stereotype is likely to provoke anxiety as targeted individuals perceive that they are being judged stereotypically (Harvey, Novicevic, Buckley, & Fung, 2005). Furthermore, despite years of effort to change both practice and perception, charges of unethical business practices and frequent media exposure of such practices continue to undermine the fabric of business. Such charges are of concern to businesses based in the USA as well as those based in foreign countries (Kaye, 1992).

For example, Stevenson and Bodkin (1998) examined the perceptions of university students in the United States and Australia regarding the ethics and acceptability of various sales practices. Study results indicated several significant differences between USA and Australian university students regarding the perceptions of ethical and acceptable sales practices. These differences centered on company-salesperson and salesperson-customer relationships. Moreover, the globalization of markets means that as businesses expand internationally, they may experience even greater ethical dilemmas when relocating personnel overseas or when hiring foreign nationals. In summary, Stevenson and Bodkin (1998) have shown that salespeople could be classified by COO based on attitudes toward ethical behavior scenarios that emphasize salesperson-company.

Sahin, Rietdijk, and Nijkamp (2006) investigated the social and economic performance of ethnic workers in cities by addressing the question whether these groups have a higher or lower reputation or esteem on the labor market than their indigenous equals, seen from the perspective of the customer's perception and satisfaction. They found in general that there was no ethnic bias in the behavior of ethnic employees, although results suggested a gender bias. Fowler, Wesley, and Vazquez's (2006) qualitative study explored shopper experiences and preferences for atmospheric (e.g. price, merchandise, retail staff, general layout and design) variables of the rapidly growing Hispanic market in nontraditional areas of growth in the USA. Results indicated that atmospheric influences included: price, merchandise, retail staff, general layout and design. However, problems in enacting customer and retail staff relationships along with language misunderstandings were the most important findings.

### *2.14.5 COO Effects on Physical Assets Representing the Firm*

Research has indicated that retail store environment influences consumers' inferences about merchandise and service quality (Kotler, 1973; Keller, 1987). The store image literature suggests that the image of a retail store serves as another extrinsic cue in product evaluation and consumer decision making. Both store image (Donovan, Rossiter, Marcoolyn, & Nesdale, 1992) and store reputation (Wheatley & Chiu, 1977) have been associated with consumers' product evaluation.

Recent studies utilizing multiple cues suggest that the COO cue may not be as important when other extrinsic cues are available in the decision situation (Johansson, Douglas, & Nonaka, 1985). Consumers reduce risk by purchasing products from a store with a quality reputation (Kelley, 1987).

Thorelli, Lim, and Ye (1989) investigated the importance of COO, product warranty, and retail store image on consumers' product quality perception, overall attitude toward the product, and purchase intentions. Results showed that COO and warranty cues have significant impacts on the three dependent measures. The interaction effects of all three independent variables are significant for the quality perception and overall attitude towards the product but are not significant for the purchase intentions. In addition excellent warranty terms combined with store reputation has a greater impact on the dependent variables than the COO cue. Witt and Rao (1993) examined the individual and joint effects of brand image and store type on consumer perceived risk in buying products and found that the joint effects of brand image and store type indicated that the COO bias can be rendered insignificant by sale through a more reputable store or by a high brand image.

*Table 2-4 Tangible Sources of LOF External to Organization – COO Effects*

| Year | Author(s) | Purpose | Variable | Results |
|---|---|---|---|---|
| 1970 | Nagashima | To measure the cross-cultural image of "made in" products as produced by USA and Japanese business | Products General | COO affects product evaluation in general |
| 1971 | Schooler | To test bias phenomena with a broadly-based, representative consumer sample | Products Types | COO affects specific types of products |
| 1979 | White | To examine attitudes to USA manufactured products in selected European countries | Industrial Products | American managers in general have stereotyped attitudes towards COO effect of industrial products |
| 1992 | Cordell | To examine COO perceptions of 12 countries and eight products | Product Categories | COO effects have been found to exist for certain product categories |
| 1993 | Chao | To provide dimensions for COO construct by taking into account country of assembly and country of design based on consumers' evaluations | Brands | COO effects have been found to exist for specific brands |

| Year | Author(s) | Purpose | Variable | Results |
|---|---|---|---|---|
| 1993 | Tse & Gorn | To investigate the salience of country-of-origin effects by manipulating COO (+ or -) and global brand name (internationally known or new) | Brands | COO effects have been found to exist for specific brands |
| 1997 | Moon & Jain | To examine consumers' COO perceptions, consumer ethnocentrism, and country attitudes on their responses and attitudes toward foreign advertisements and advertised products | Advertising | Positive effects of consumers' country attitudes to foreign advertising, and positive effects of consumers' COO perceptions responses to buying proposal of international advertising; no significant effect of consumer ethnocentrism to international advertising |
| 2005 | Verlegh, Steenkamp, & Meulenberg | To examine whether COO has a dual role when it is presented in conjunction with other advertising claims | Advertising | Three-way interaction between country-of-origin, claim favorability and ad involvement |
| 1998 | Stevenson & Bodkin | To examine perceptions of students in the USA and AUS regarding the ethics and acceptability of various sales practices | Sales Personnel | There are several significant differences between USA and Australian consumers' perception of ethical and actable sales personnel behavior |

| Year | Author(s) | Purpose | Variable | Results |
|---|---|---|---|---|
| 2006 | Sahin, Rietdijk, & Nijkamp | To examine Dutch customers' perception and satisfaction of social and economic performance of ethnic employees | Sales Personnel | In general, there is no ethnic bias in the behavior of ethnic employees, although results suggest a gender bias |
| 2007 | Fowler, Wesley, &Vazquez | To explore consumers' preferences for atmospheric variables of Hispanic market in nontraditional areas of growth of USA | Sales Personnel | Atmospheric influences include price, merchandise, retail staff, general layout and design. Problematic customer/sales personnel relationships along with language misunderstandings are the most important findings |
| 1989 | Thorelli, Lim, & Ye | To test whether negative COO cue can be reduced by warranty and store image | Physical Assets - Store | Store image and COO had no significant effect on DV (perceived quality, overall attitude, and purchase intentions, BUT interaction effects of store image, COO, and warranty has significant effect on quality perception and overall attitude but not on purchase intentions |
| 1993 | Witt & Rao | To examine the individual and joint effects of brand image and store type on consumer perceived risk in buying products | Physical Assets - Store | The joint effects of brand image and store type indicated that the country-of-origin bias can be rendered insignificant by sale through a more reputable store or by a high brand image. |

## 2.15 Intangible Sources of LOF External to Organization – COO Effects

Various studies have shown that COO is not merely another cognitive cue. Wyer and colleagues showed that the impact of COO could not be explained entirely by a quality signaling process. In addition to its role as a quality cue, COO has symbolic and emotional meaning to consumers. Such symbolic and emotional connotations transform COO into an “expressive” or “image attribute” (Lefkoff-Hagius & Mason, 1993). Such attributes have been shown to be significant determinants of consumer preferences and an important source of brand equity.

### *2.15.1 The Concept of Image*

Despite the fact that there is little consensus of the concept of image and its usage, the term is used to indicate positive/favorable impressions that are intentionally produced and projected by communicators. The word image is also employed to represent the way the public perceives an object, brand, product, or organization (Boulding, 1961). Boulding’s (1961) definition of image as an individual’s “subjective knowledge structure” is one of the most frequently used. He stated that “image is built up as a result of all past experience of the possessor of the image, and part of the image is the history of the image itself” (p. 6). Alvesson (1990) also stated that image is “something we got primarily through coincidental, infrequent, superficial, and/or mediated information, through mass media, public appearances, from second-hand sources, etc., not through our own direct, lasting experiences and perceptions” (p. 377). Kroeber-Riel (1984) distinguished between image and attitude. He pointed out that while an attitude is usually considered to change only along a continuum ranging from good to bad, image includes several dimensions. In contrast to an attitude, an image is multidimensional and consists of both cognitive and emotional components. In spite of the difference, Kroeber-Riel (1984) proposed that image may be similar to attitude, in that both involve the subjective perception of an object (brand, company, or a person) for satisfying the necessity of certain individuals.

### *2.15.2 COO Effects on Brand Image*

Consumers tend to recall the stored information about the brand and the country in question and then they relate the brand name with the COO to form a brand image and infer the product evaluation (Scott & Keith, 2005). The effect of country image on brand image is moderated by both brand and country reputation (Hui & Zhou, 2002). That is, the brand image of a well-known brand of a given product produced in a famous country for that product is likely to be affected differently from the brand image of a well-known brand produced in an unknown country and vice-versa. A significant impact of country image on brand image perception has been well supported (Kotler & Gertner, 2002, Steenkamp et al., 2003).

Koubaa (2008) explored the impact of COO information on brand perception and brand image structure. Results showed that COO had an effect on brand perception. This effect differs across brands and across countries of production. Brand-origin appears to be of significant impact on consumer perception. Brand images are found to be multidimensional. Their structures differ across brands and across countries-of-origin.

### *2.15.3 COO Effects on Product Image*

Evidence suggests that country image perceptions may vary across product categories. Nagashima (1970; 1977) asked respondents to recall what products first come to mind when they thought of a specific country. However, research on country image has made little attempt to link image dimensions to product categories. While it has been postulated that COO varies by product category (Kaynak & Cavusgil, 1983), only one study (Han & Terpstra, 1988) has investigated product-country relationships. Research has shown that country quality perceptions (measured as a summary construct) may vary across product categories. For instance, in one study Japanese electronic products received high quality evaluations while Japanese food products received low quality evaluations (Kaynak & Cavusgil, 1983). Thus, while overall product-country quality stereotypes do occur, managers would be better served to know why such stereotyping exists.

### *2.15.4 COO Effects on COO Image*

Most COO image research is found in the marketing literature with reference to the perception and evaluation of products. Nagashima (1970) first defined the term country image as “the picture, the reputation, and the stereotype that businessmen and consumers attach to products of a specific country” (p. 68). In order to measure country image, Nagashima (1970) used such dimensions as price and value, service and engineering, advertising and reputation, and design and style. Since his study, these dimensions have been commonly used to measure country image through an evaluation of products from that country.

According to Roth and Romeo (1992) country image is defined as “the overall consumers’ perception of products from a particular country, based on their prior perceptions of the country's production and marketing strengths and weaknesses.” (p. 478). Country image, built over long periods of time, is a trait that may be either an intangible asset or liability for firms selling products from a particular country (Han, 1989). These traits can act to mitigate risk or provide quality cues for consumers who may be either unable to evaluate the tangible characteristics of the products or are unwilling to spend the time doing the market research (Cordell, 1992). For example, Japanese cars are perceived as more reliable, while American cars are perceived as more roomy and safer in the event of a collision (Kim and Chung, 1997). A country may be seen to be good at some things but not at others (Kaynak & Cavusgil, 1983). These images are not universal as country image perceptions may vary depending on the consumer’s nationality (Nagashima, 1970, 1977).

In summary, several major findings have emerged with regards to COO image and consumers’ perception: First, in relatively homogeneous cultures, stereotypic perceptions appear to be held countrywide. Second, stereotypes do vary depending in which country they are being measured. Third, in addition to varying among customers in different countries, national stereotypes change over time (Morello, 1984). In particular, Dornoff, Tankersley, and White (1974) reported that those producers who are presently successful in international markets cannot afford to “rest on their laurels”. Favorable stereotypes about one country’s product may deteriorate if product features change for the worse. Similarly, an unfavorable image may change for the better and begin increasing sales for producers who dominate in a foreign market. Perhaps the best-known example is Japan’s successful drive to change the image of its products; shedding the low-cost, low-quality image they held in the 1950s. Seaton and Vogel (1981) found that, *ceteris paribus*, Volkswagen cars produced in the United States were perceived as less preferable than Volkswagens made in Germany. This finding supports the point that shifting the location of production can lower consumer preference because of stereotypes about the product's nationality.

### *2.15.5 COO Effects on Customer Loyalty*

Loyalty has been defined as a long-term commitment to repurchase involving both repeated patronage and a favorable attitude (Dick & Basu, 1994). The development, maintenance, and enhancement of customer loyalty represent a fundamental marketing strategy for attaining competitive advantage (Kotler, 1988). According to the researcher's knowledge, there is only one research study investigating how country image influences consumers' loyalty (Cengiz, & Er, 2007), which indicated that country image did affect customer loyalty.

### *2.15.6 COO Effects on Quality of Customer Service*

Investigations within the marketing literature into the effects of COO on consumer behavior have focused mostly on tangible goods (Al-Sulaiti & Baker, 1998). Research on service products is scarce. For example, Javalgi et al. (2001) reviewed the top 25 marketing journals over the past 20 years and found only 19 studies that examined both COO effects and services in the international context. Of these 19 studies, only 6 examined COO effects on core services (e.g., legal services or airlines), whereas the majority of the studies involved products with supplementary services. The six core services studies found significant COO effects in service evaluations. In addition, only 3 of the 19 studies examined educational services specifically. The conclusions, however, were clear: COO effects can be studied in a service setting as well as in a product setting (Javalgi et al., 2001), and individuals do use COO attributes in evaluating services, sometimes only second to price. Despite the lack of service and COO effect, international service providers often face the strategic dilemma of how to position their service offerings in other cultures in part because of the "American" appeal of their market offerings or COO effects (Cateora & Graham, 2007). Since the 'product' in service marketing is essentially intangible, it is suggested that the linkage may be made via various tangible representations of the service and the people who provide it. Therefore, buyer-seller relationships become very critical especially, knowing the overall ethnocentric and collectivistic orientations of external stakeholders.

For instance, Al-Sulaiti and Baker (1997) found that COO affected people's intentions of flying with a domestic or foreign airline. Consumers who showed strong ethnocentric tendencies were less likely to prefer the foreign services.

Khare (2006) investigated whether consumer ethnocentrism, COO cues, and experience with a foreign service would influence the decision to use a foreign service. Results indicated that consumer ethnocentrism was not found to be significant in influencing Indian consumers' purchase intentions of a foreign service, whereas the intention to use a foreign service is positively influenced by both experience with foreign service providers and image of foreign service providers.

Prior research suggests that the geographic location of a call-center may influence consumer expectations of service (Burgers, Ruyter, Keen, & Streukens, 2000). The location of the call-center employee providing the assistance is the COO, and this variable is posited to affect consumer appraisals. Therefore, previous COO research suggests that when an off-shore firm with an unknown reputation provides a call-service center to a developing nation, consumers are likely to possess lower service expectations (Roggeveen, Bharadwaj, & Hoyer, 2007).

Roggeveen et al. (2007) investigated how location and reputation impact a consumer's expectations regarding an upcoming service encounter. Results indicated that when a firm's reputation is lesser known, consumers expected to receive poorer service from a call service center that has been located off-shore to developing nations; however, if the firm was well-known, call-center location did not matter. The mediating variable is the training which consumers believe each type of firm is likely to provide to their call service center employees.

*Table 2-5 Intangible Sources of LOF External to Organization – COO Effects*

| Year | Author(s) | Purpose | Variable | Results |
|---|---|---|---|---|
| 1997 | Nebenzahl, Jaffe, & Lampert | To measure how perception of brand image changes as production is sourced multinationally | Brand Image | COO affects brand image's perception; perceived image of global brands vary by COO |
| 2008 | Koubaa | To explore the impact of COO information on brand perception and brand image structure | Brand Image | COO has multiple effects on brand image perception, Results showed that COO had an effect on brand perception |
| 1988 | Han & Terpstra | To assess association between five image dimensions (technical advancement, prestige, workmanship, economy, serviceability) and two product categories | Product Image | COO image ratings are not consistent across the five dimensions, thus COO image is specific to dimensions being measured. Also COO image ratings tend to be consistent across product categories |
| 1992 | Roth & Romeo | To examine COO in terms of the fit between country and product categories | Product Image | Customers' perceptions vary across product categories. Significant relationship between product-country matches and intentions to buy: willingness to buy a product from a particular country will be high when the COO image is also an important characteristic in product category |

| Year | Author(s) | Purpose | Variable | Results |
|---|---|---|---|---|
| 1984 | Erickson, Johansson, & Chao | To determine the effects of image variables on beliefs and attitudes in the multiattribute model framework | COO Image | Results indicate that image variables, and hence COO image, affect beliefs rather than attitudes |
| 2002 | Kotler & Gertner | To examine how widely held country images affect attitudes towards a country's products and services to attract investment, business, and tourists | COO Image | Country images can lend a positive reputation to a whole category, thus countries serve as brand names, and can be marketed as products |
| 2007 | Cengiz & Er | To develop and validate a customer loyalty model with country image effect | Customer Loyalty | Country image affect customer loyalty and customer loyalty's antecedent |
| 2007 | Roggeveen, Bharadwaj, & Hoyer | To investigate how location and image impact consumers' expectations regarding an upcoming service encounter | Quality of Customer Service | Consumers expect poorer service from CSCs that have been off shored to developing nations. However, if the firm is well-known, CSC location does not matter |

## 2.16 Conclusion

Ultimately, from the perspective of the multinational marketer, the understanding of COO due to consumer ethnocentrism is of interest as that trait (a) may be a barrier to success in foreign markets, (b) may be useful in developing product-positioning strategies in foreign markets, and (c) may help to explain the biased perception of domestic products (Han & Terpstra, 1988). Tangible as well as intangible sources of LOF in the external environment of a MNC are subject to stigmatization treatment of the local consumers due to ethnocentric tendencies, hence, host country customer preferences have been identified as permanent aspects of LOF (Petersen & Pedersen, 2002).

Given the inexorable phenomenon of globalization and ubiquitous presence of trans-national MNCs, local consumers are exposed to an overwhelming variety of hybrid product choice, thus, multinational marketers need to understand stressors impacting the acceptance of a MNC's marketing variables by home country consumers. Therefore, multinational managers need to be able to exploit the prevailing local consumers' perceptions, safeguard themselves against threats due to stigmatization treatment of ethnocentric consumers, and formulate and implement strategies that are compatible with the external environment to minimize the impact of cultural LOF derived costs. Thus, managers must be able to "read" and adapt to the external environment to minimize MNC's LOF by determining strategies to cope with their "foreign status" label, which is subject to stigmatization and negative stereotyping by local consumers.

# 3. CHAPTER THREE
# CONCEPTUAL MODEL AND HYPOTHESES

LOF is often investigated along its impact on survival (Kostova & Zaheer, 1999) and performance of MNEs (Zaheer, 1995; Zaheer & Mosakowski, 1997). Additionally, an analysis of subsidiary efficiencies constitutes a constant reminder for MNEs of inherent difficulties in operating in a foreign country. Previous research has represented LOF evidence at the macro level (Click & Harrison, 2000; Dunning, Fujita, & Yakova, 2007) or has provided isolated snapshots of the phenomenon by restricting the construct to the dyadic level of the foreign subsidiary-local firm. These attempts, however, fail to view this phenomenon through the underexplored lens of the different driving forces of LOF on consumers' individual level in the marketing literature.

The notion that globalization would result in irrevocable convergence of consumer preferences and the consequent homogenization of the world, seems to be no longer taken for granted (Kale, 2005). Contradictory evidence has become visible in the form of consumers' reluctance to purchase foreign goods due to ethnocentric tendencies (Suh & Kwon, 2002), which in turn depicts a tenacious disadvantage to operating in a foreign environment compared to indigenous firms. The ubiquitous far-reaching phenomenon of internationalization of MNEs with its accompanying issue of LOF will have a profound impact on how global corporations and their products will be perceived at the individual level. Interestingly, most LOF research discusses and tests LOF at the firm level of analysis (Zaheer, 2002). While most researchers imply or explicitly state that these firm-level liabilities exist as part of a corresponding phenomenon at the individual-level of analysis, there is little direct focus on the individual level of analysis in the current literature (Mezias & Mezias, 2007).

Therefore, examining the driving forces of culturally derived LOF at the individual level should be of interest to marketing scholars because cultural bias in consumers' perception of "foreignness" turns into unspoken ethnocentric stigmatization.

The purpose is to determine the extent to which the COO of a company's product/service in combination with various tangible and intangible marketing variables influence consumers' product/service preference. This thesis links well-established streams of literature concerning COO, stigmatization as a result of underlying levels of consumer ethnocentrism, and the frequently discussed debate of adaptation versus standardization in the international marketing literature in an effort to provide a basis for explanation of individual cultural differences of LOF.

Against this theoretical background, this chapter is organized as follows: Section 3.1 delineates a diagrammatic representation of the association between relevant concepts together with the specific hypotheses this thesis explores. Thus, Figure 3-1 illustrates the conceptual framework of the impact of COO on individual LOF by extending previous work on COO effects under stigmatization theory. Following a brief explanation of each construct, Sections 3.2 to 3.8 discuss relevant empirical research studies to support the hypothesized relationships between constructs, concluding with respective research hypotheses.

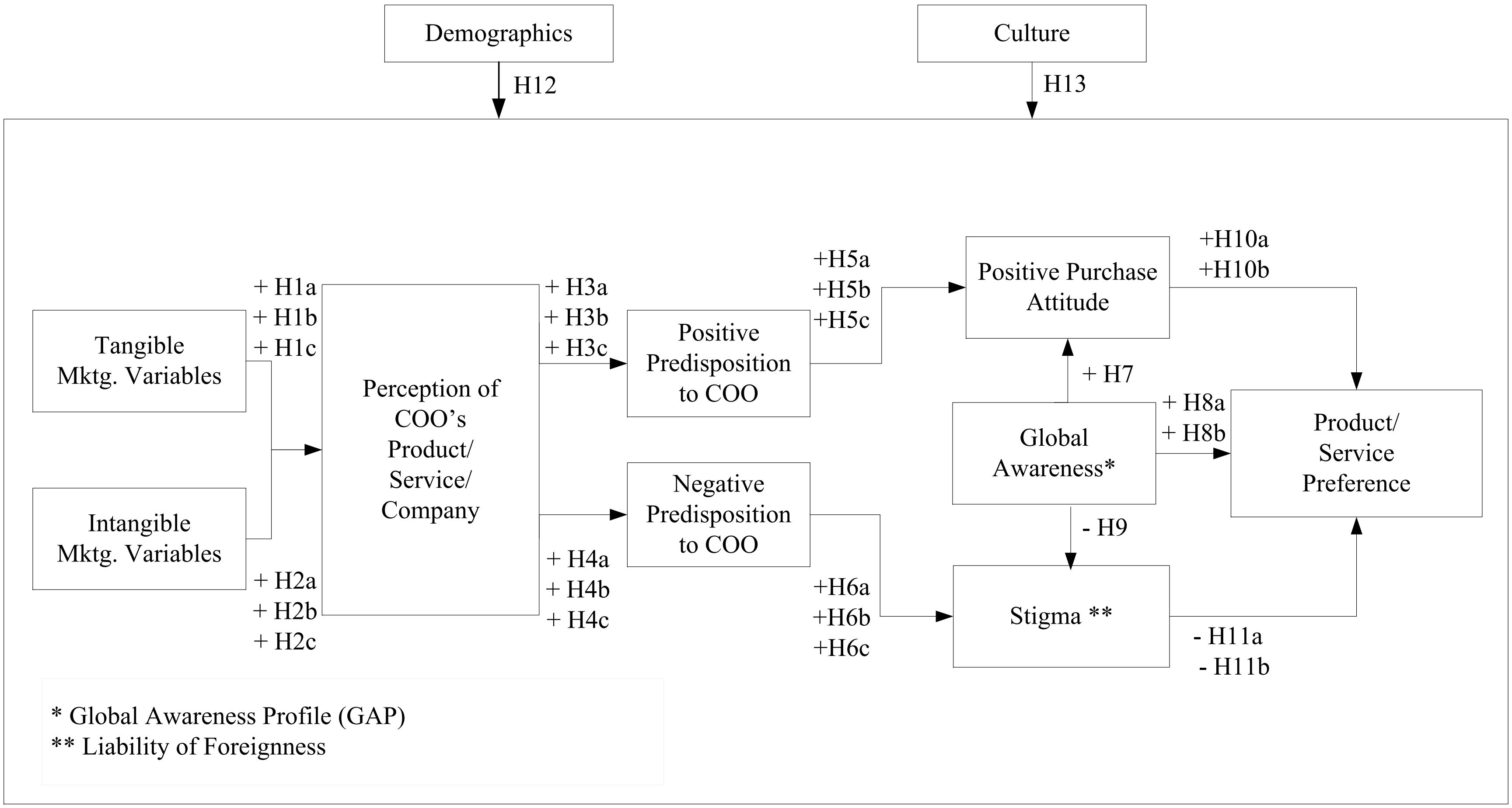


*Figure 3-1 Model of the Impact of COO on the Liability-of-Foreignness*

## 3.1 Research Hypotheses

### *3.1.1 Marketing Variables influencing Perception of Product/ Service/ Company COO*

Marketing academics have studied other marks, such as COO labeling, which have been shown to systematically influence consumers' quality perceptions. The COO effect refers to how consumers perceive products emanating from a particular country (Roth & Romeo, 1992). Work by Klein et al., (1998) shows that COO effects are not universal but rather are dependent on other associations or feelings (e.g., consumers' animosity) elicited by a particular COO label. Both empirical observations and experiments indicate that the source country information has a considerable influence on the quality perception of a product, which has been considered as a COO effect. Referring to Bilkey and Nes's (1982) extensive literature review on COO effects, several studies have extensively documented COO effects and the results hold for products in general (Anderson & Cunningham, 1972; Bannister & Saunders, 1978; Gaedeke, 1973; Nagashima, 1970) for classes of products (Dornoff, Tankersley, & White, 1974; Gaedeke, 1973; Nagashima, 1977) for specific types of products (Gaedeke, 1973; Krishnakumar, 1974; Schooler, 1965, 1971) and for specific brands (Gaedeke, 1973).

The underlying causes of COO effect phenomenon (ethnocentrism, patriotism, etc.) have previously been discussed in the literature. The contribution of this study is to see if these COO effects manifest themselves in various tangible and intangible marketing variables. A firm's assets can be defined broadly as any physical, organizational, or human attribute that enables the firm to generate and implement strategies that improve its efficiency and effectiveness in the marketplace (Barney, 1991). Thus, asset can be tangible or intangible, on or off the balance sheet, and internal or external to the firm (Constantin & Lusch, 1994).

### *3.1.2 Tangible Marketing Variables Influencing COO Perception*

Tangible assets refer to the fixed and current assets of the organization that have a fixed long run capacity (Wernerfelt, 1989): examples include products, brands, advertisements, physical assets representing the organization, and sales personnel (Hooley, Broderick, & Moeller, 1997). As summarized in Table 2-4 (Chapter 2), empirical studies reveal that COO influences customers' perceptions of the quality of tangible marketing variables such as products, brands, advertising, sales personnel, and physical assets representing the firm.

Thus, I hypothesize:

H1a: Tangible marketing variables influence consumers' perceptions of a product's COO.

H1b: Tangible marketing variables influence consumers' perceptions of a service's COO.

H1c: Tangible marketing variables influence consumers' perceptions of a company's COO.

### *3.1.3 Intangible Marketing Variables Influencing COO Perception*

Intangible assets do not assume physical shape and often exist in the heads and minds of people (Hooley et al., 1997). Intangible marketing assets are often referred to as customer-based assets and exist through the relationships the firm and/or its products have built with customers (Christopher, Payne, & Ballantyne, 1991), for example, product image, brand image, customer loyalty (Payne, Clark, & Peck, 1995), COO (Hooley et al., 1988), and quality of customer service (while human assets such as personnel are tangible, their qualities are intangible (Hooley et al., 1988)).

There is a growing recognition that a significant proportion of the market value of firms today lies in intangible, off-balance sheet assets, rather than in tangible book assets. As Lusch and Harvey (1994) have noted, "Organizational performance is increasingly tied to intangible assets such as corporate culture, customer relationships, and brand equity" (p. 101), and research has shown that intangible attributes become more important in product categories where there are fewer differences between brands (Lefkoff-Hagius & Mason, 1990). Auger, Devinney, Louviere, and Burke (2006) examined the role that intangible attributes (brand, COO and environmental and labor conditions) played in product choice. Given this discussion, the following hypotheses are developed looking at the relative influence of tangible as well as intangible variables where I argue that intangible marketing variables have a stronger influence on stigmatization than tangible ones.

As summarized in Table 2-5, empirical studies reveal that COO influences customers' perceptions of the quality of intangible marketing variables such as customer loyalty; brand reputation, product reputation, COO reputation, and quality reputation. Thus, I hypothesize:

H2a: Intangible marketing variables influence consumers' perceptions of a product's COO.

H2b: Intangible marketing variables influence consumers' perceptions of a service's COO.

H2c: Intangible marketing variables influence consumers' perceptions of a company's COO.

### ***3.1.4*** Perception of COO leads to Predispositions to COO

In general, COO affects consumers' product evaluation (Bilkey & Nes, 1982) since consumers evaluate a product on the basis of information cues available. Research suggests that COO effects may vary based on several informational and attitudinal dimensions (Ahmed & d'Astaus, 1996; Chao, 1998; Shimp, Samiee, & Madden, 1993), therefore country-specific information may carry positive or negative valence and thus may influence consumer predispositions to a given COO. Empirical research found that products originating from Japan, the USA, and Western Europe are perceived to be associated with attributes such as a well known brand name, technologically advanced, expensive, a luxury, and having good style and appearance (Bhuian, 1997; Ger et al., 1993), whereas people have negative perceptions of products from China, Russia, and Eastern Europe. Participants' thoughts showed different levels of predisposition towards China and Japan (Sauer, Young, & Unnava, 1991), indicating that COO perception leads to predisposition. Consumer ethnocentrism, an underlying cause of the COO effect phenomenon, involves the tendency of consumers to exhibit a positive or favorable predisposition toward products originating from their own country while rejecting imported products. The literature suggests that customers will often recall previous thoughts and/or acquire product related information from external sources, such as "made in labels" by abstracting information and aggregating it with existing thoughts, which frequently contribute to the formation of a predisposition (Greenwald, 1968; Craik & Lockhard, 1972). The traditional view assumes a consistently updated (either from ongoing thought processes or salient situational factors) predisposition that serves as a convenient evaluative summary of some object, issue, or person (Fishbein, 1963; Eagly & Chaiken 1993). Predisposition represents the consumer's preference ranking of products and services in his/her evoked set. It is in fact, an aggregated index expressed in attitudes, which in turn can be measured by attitudes scales (Howard & Sheth, 1969). Therefore, consumers, when confronted by a stimulus, compare the stimulus in the evoked consideration set based on mediator's choice criteria, and yield a judgement on the relative contribution of the stimulus to the consumer's motives (De Matos, Rossi, Veiga & Vieira, 2009). Thus, I hypothesize:

H3a: There is a positive effect between consumers' favorable perception of a product's COO and consumers' positive predisposition to the respective COO.

H3b: There is a positive effect between consumers' favorable perception of a service's COO and consumers' positive predisposition to the respective COO.

H3c: There is a positive effect between consumers' favorable perception of a company's COO and consumers' positive predisposition to the respective COO.

Building on the previous arguments, I hypothesize the following with regards to negative predisposition:

H4a: There is a positive effect between consumers' negative perception of a product's COO and consumers' negative predisposition to the respective COO.

H4b: There is a positive effect between consumers' negative perception of a service's COO and consumers' negative predisposition to the respective COO.

H4c: There is a positive effect between consumers' negative perception of a company's COO and consumers' negative predisposition to the respective COO.

### *3.1.5 COO Information and Positive Attitude Formation*

An attitude is a learned predisposition to respond in a consistent manner with regard to a given object or concept (Fishbein & Ajzen, 1975). Thus, it is assumed that consumers formulate their attitudes from available information, knowledge, experiences, and environmental factors. Han's (1989) findings that the COO cue may serve as a summary of specific product information as well as a bias for inferential beliefs about product quality, has been accompanied by other research where COO is processed and incorporated in attitude formation (Johansson, Douglas, & Nonaka, 1985). Particularly, COO can be linked to overall attitude regarding the product and specific product attributes, thus COO effects have been founded on information processing and attitude formation (Erickson, Johansson, & Chao, 1984; Han, 1989; Heslop & Papadopoulus, 1993; Johansson, Douglas, & Nonaka, 1985). As a result, a positive predisposition will lead to a positive attitude formation, and thus, I hypothesize:

H5a: Positive predisposition to a product's COO leads to consumers' positive purchase attitude.

H5b: Positive predisposition to a service's COO leads to consumers' positive purchase attitude.

H5c: Positive predisposition to a company's COO leads to consumers' positive purchase attitude.

### *3.1.6 Products, Services, and Company – Marked by COO Label*

The marketing literature defines stigma as "a mark placed on a person, place, technology, or product associated with a particular attribute that identifies it as different and deviant, flawed or undesirable" (Kasperson, Jhaveri, & Kasperson, 2001, p. 19) and results in elevated risk perceptions, Although empirical studies are limited to only a few, the main focus is exclusively on social stigma and the coping mechanisms of people who feel or fear stigma (Wilde & Andrews, 2000; Adkins & Ozanne, 2005; Ellen & Bone, 2008). However, marketing academics have studied other marks, such as COO labeling. Table 3-1 identifies the six dimensions of stigmatizing conditions such as concealability, course of the mark, disruptiveness, aesthetics, origin of the stigmatizing mark, and peril (Crocker et al., 1998) and exemplifies each dimension by means of COO labeling, which has been shown to systematically influence consumers' quality perceptions.

Table 3-1 *Dimensions of Stigma*

| **Dimension** | **Definition** | **Adapted to Foreign Status of Product/Service/Company** |
|---|---|---|
| Concealability = Visibility | Whether stigmatizing conditions can be hidden from others | Salient Mark: "Made In" Label, Foreign Brand Names, Standardization Marketing Approach |
| Course | The way the condition changes over time, and its ultimate outcome | Consumers' adaptation to Foreign Status |
| Disruptiveness | How much the conditions hampers social interactions | Rejection of Foreign Products/Services because they "Hurt" Domestic Economy – Consumer Ethnocentrism |
| Aesthetic Qualities | How much the attribute makes the individual repellent, or upsetting to others | Foreignness: Symbols, Language/Accents, Sales Personnel |
| Origin = Controllability | How the stigmatizing condition was acquired, and who was responsible (congenital, accidental, intentional, or imagined) | Congenital: Foreignness<br>Intentional: Brand Name, COO Marketing<br>Accidental: Foreign Status<br>Imagined: Negative Stereotypes associated with COO Image |

| | | |
|---|---|---|
| Peril | Kind and degree of danger that the stigmatizing condition poses to others | Ethnic conflict, cultural domination/invasion of foreignness, fear of losing local identity, economic/cultural threat (Baughn & Yaprak, 1996), capitalism's corporate "Goliaths" (Thompson & Arsel, 2004) |

*Note:* Adapted from Gilbert, D.T., Fiske, S.T., Lindzey, G. (1998)

The COO effect, which refers to how consumers perceive products emanating from a particular country (Roth & Romeo, 1992), has been extensively documented and the results hold for tangible (e.g., Chao, 1993; Verlegh et al., 2005) and intangible marketing variables alike (e.g., Roth & Romeo, 1992). Thus, stigmatization of a product, service, or company's image due to COO is of concern because it is an inaccurate, unwarranted interpretation of the product's actual attributes, risk, or associations. Stigma can significantly affect marketplace efficiency by reducing demand for a stigmatized product or service by inflating demand for those products or services that do not have the stigmatizing mark (Ellen & Bone, 2008). Thus, I hypothesize:

H6a: There is a positive effect between consumers' negative predisposition of a product's COO and stigma of a respective product.

H6b: There is a positive effect between consumers' negative predisposition of a service's COO and stigma of a respective service.

H6c: There is a positive effect between consumers' negative predisposition of a company's COO and stigma of a respective company.

### *3.1.7 Consumers' Level of Global Awareness*

Consumers' level of education has shown varied results in prior COO studies. Although some authors have found that higher levels of education were associated with more positive attitudes toward foreign products (e.g., Wall, Hofstra, & Liefeld, 1991), others found no such relationship (e.g., Han, 1988). According to Rhinesmith (1992), a global mind-set enables an individual to scan the world from a broad perspective. Previous management research indicates that a global mind-set leads to a heightened awareness of one's perceptions of other cultures and fosters respect of these differences (Tichy, Brimm, Charan, & Takeuchi, 1992), as well as promoting the bigger, broader picture, balancing contradictions, and valuing diversity

(Rhinesmith, 1992, 1993, 1995). Research has shown that consumers who have experienced cultures other than their own tend to be less ethnocentric and more favorably disposed to imported products rather than local products (Sharma et al., 1995; Suh & Kwon, 2002).

Corbitt (1998) distinguishes between global knowledge ("what we know to be true within our own context and experience") and global awareness ("involves recognition and appreciation of the size, complexity, and diversity of the earth as a single entity"). Knowledge is more attuned toward factual information rather than cognitive and behavioral skills. The management literature suggests that managers need to be aware of the sociopolitical, economic, and cultural dimensions of the global environment and other countries to work more effectively (Kedia & Mukherji, 1999). From discussion of the consumers' level of global awareness thus far, the hypotheses regarding positive purchase attitude and consumers' preference are derived as follows.

### *3.1.8 Consumers' Global Awareness Influencing Positive Purchase Attitude*

Globally aware consumers have an increased sensitivity to other people and cultures (Schütte & Ciarlante, 1998) and are more likely to be open to other cultures. The concept of a global mind-set is similar to the "cultural openness" concept, implying that global consumers are considered to be individuals whose cultural and national differences do not affect their buying behavior, because they are open to other cultures, aware of much knowledge about individual nations, and sensitive to different points of view based on other cultures (Suh & Kwon, 2002). Sharma et al. (1995) found that "cultural openness" was negatively related to consumer ethnocentric tendencies. Suh and Kwon (2002) showed that global openness did significantly affect consumers' ethnocentric tendencies in a certain cultural context, Kwak, Jaju and Larsen (2006) showed that a consumers' higher globalization mind-set tended to mitigate high consumer ethnocentric tendencies. Moreover, Crawford and Lamb (1982) found that "world-mindedness", a construct closely related to global awareness, positively affected buyers' willingness to buy foreign products. Since consumers' ethnocentrism has been known to be one of the antecedents strongly influencing attitude measures of foreign products including willingness to buy, I accordingly predict that consumer level of global awareness will significantly affect positive purchase attitude.

Particularly, I hypothesize:

H 7: There is a positive effect between consumers' global awareness and consumers' positive purchase attitude.

### *3.1.9 Consumers' Global Awareness Influencing Preference Formation*

Previous studies confirmed that consumer ethnocentrism is an underlying construct for consumers' preferences for domestic products and services (Bilkey & Nes, 1982; Lantz & Loeb, 1996; Sharma et al., 1995).

Cultural openness is determined by a willingness to interact with people from other cultures and experience some of their artifacts (Sharma et al., 1995), whereas global awareness involves recognition and appreciation of the size, complexity, and diversity of the earth as a single entity and global knowledge refers to knowing what is to be true within one's own context and experience (Corbitt, 1998). Thus, there is a possibility that a person can be culturally open, meaning intending to interact with and experience different cultures without actually knowing and recognizing cultural aspects of a particular country. Some of the characteristics of cultural openness include global knowledge and awareness. Previous studies provided evidence that there is a negative relationship between cultural openness and consumer ethnocentrism (Shimp & Sharma, 1987; Howard, 1989) implying that cross-cultural interactions and travel opportunities can broaden one's mind (Berkowitz, 1962). I argue that an increase in consumer's level of global awareness tends to wane ethnocentric tendencies, which leads to a positive preference towards products and services from diverse countries-of-origin. In particular, the following hypotheses are proposed:

H8a: There is a positive effect between global awareness (Global Awareness Profile; GAP) and consumers' COO product preference.

H8a: There is a positive effect between global awareness (GAP) and consumers' COO service preference.

### *3.1.10 Consumers' Global Awareness Influencing Stigma*

Researchers have examined several variables that affect prejudicial attitudes and stigmatization. For instance, familiarity with a stigmatized group seems to be highly associated with attitudes of the group (Link & Cullen 1986; Penn, Guynan, Daily, Spaulding, Garbin, &

Sullivan, 1994; Holmes, Corrigan, Williams, Canar, & Kubiak, 1999). Familiarity has been described as knowledge of and experience with a stigmatized group, which can vary due to the level of intensity of familiarity (e.g., degree of social distance towards stigmatized group). Therefore, familiarity with a stigmatized group has been shown to be inversely associated with prejudicial attitudes toward the respective group (Holmes et al., 1999). As for stigma reduction, the starting point is education. Previous studies reveal that educational programs or workshops can have a small but positive impact on people's view of stigmatized groups (Holmes et al., 1999). Therefore, we argue that the higher the level of global awareness, the less likely people are to stigmatize a country's products and services.

Hence, the following hypothesis is proposed:

H 9: There is a negative effect between consumers' global awareness and consumers' level of stigma.

### *3.1.11 Consumers' Preference Formation due to Positive Purchase*

Antecedents of preferences may involve cognitive and affective components in a variety of combinations (Zajonc & Markus, 1982), but since COO can be viewed as a cognitive and affective cue alike (Verlegh & Steenkamp, 1999), empirical evidence suggests that COO is an important factor in preference formation (e.g., Wilson & Schooler, 1991). Based on COO research and general attitudinal research (Allen, Machleit, & Kleine, 1992), there is a clear consensus that COO influences consumers' product and service evaluations and preferences, thus, I argue that a positive purchase attitude, as a result to positive predisposition will lead to product, service, and company image preferences. Therefore, the following hypotheses are proposed:

H10a: Consumers' positive purchase attitude is positively associated with product preference.

H10b: Consumers' positive purchase attitude is positively associated with service preference.

### *3.1.12 Stigma leads to Product/Service Preference*

A multitude of studies have found that consumers' product and service evaluations and buying intentions are related to the origins of respective market offering (Papadopoulos &

Heslop, 2002; 2003). In general, this research, widely knows as COO (country-of-origin) studies, supports the view that a product and/or service indeed affects the way it will be perceived by consumers and the extent to which it will be perceived by consumers and the extent to which it will be preferred when it comes to making a buying decision (e.g. Pharr, 2005; Srinivasan & Jain, 2003). Thus, COO has explicitly referred to as a label or mark and has been studied extensively and which has been shown to systematically influence consumers' product and service preferences (Cordell, 1992; Wang & Lamp, 1993), service preferences (Hsieh, Pan, & Setiono, 2004; Ferguson, Dadzie, & Johnston, 2008). Therefore, consumer evaluations of and/or preferences for have been identified as permanent aspects of liability-of-foreignness (Petersen and Pedersen, 2002). Following this logic, I argue that consumers' negative predisposition due to COO perceptions leads to stigma of respective COO as the "made in" label is viewed as a mark. As a result of COO stigma, consumers have a lesser degree of preferences for respective COO product or service. Thus, the following hypotheses are proposed:

H11a: Stigma has a negative effect on product preference.

H11b: Stigma has a negative effect on service preference.

### *3.1.13 Demographic Influence*

According to Sheth, Mittal and Newman (1999), individual traits consist of unique biogenic and psychogenic aspects of an individual customer. The biogenic individual trait is called "genetics", such as gender, race, and age which all humans inherit from birth. Thus, in studying the role of stigmatization as an explanatory variable of LOF, individual characteristics known to be related must be controlled for.

Previous studies indicate that COO effect holds for demographic variables (Sharma et al., 1995). Schooler (1971) and Dornhoff, Tankersley, and White (1974) found that females rated foreign products more highly than did males, whereas Wall and Heslop (1986) reported that Canadian women were more positive than men toward the quality of Canadian-made products, and Howard (1989) observed that American women rated domestic products more favorably than did men. As for race, Wang (1978) found that non-Caucasians tended to rate products from Latin America and Africa, and India higher than did Caucasians, while Caucasian rated products from the USA more highly than nonwhites.

Additionally, age appears to co-vary with consumers' ethnocentric tendencies. In particular, researchers have found that attitudes toward domestic products generally become more favorable with increasing age (Bannister & Saunders 1978; Schooler 1971; Tongberg 1972) and have implied that the younger generation may be more cosmopolitan in their preferences and attitudes and consequently more favorably inclined toward imports (Bannister & Saunders 1978).

There is a clear consensus that demographic variables appear to influence COO perceptions and consumer ethnocentrism (predisposition), which have been reported to influence preference formations (Balabanis & Diamantopoulos, 2004), purchase attitudes (Bilkey & Nes, 1992; Robinson & Smith, 2002), and stigma (Flegal, Carroll, Ogden, Johnson, 2002; Kessler, Mickelson, & Williams, 1999; Sobal & Stunkard 1989). Thus, it is argued that demographic variables influence the dependent variables of the conceptual framework and the following hypothesis is proposed:

H 12: Consumers' demographic variables influence COO perceptions, predispositions, purchase attitude, stigma, and preference formation.

### *3.1.14 Cross-cultural Influence*

It is argued that the cultural frameworks in which consumers situate themselves and through which they construct reality generate a myriad of interpretations of products, services, and companies. Furthermore, research suggests that the weight given to COO in product evaluations may not be universal (Bozell-Gallup, 1996; Klein et al., 1998). In particular, Klein et al. (1998) have suggested that culture-specific factors influence the weight given to the COO in product evaluations, thus prior research (Nagashima, 1970) provides some evidence that COO effects may vary across countries and such variations may be due to culture-specific factors. Guerhan-Canli and Maheswaran (2000) have stated that COO effects vary across cultures on the basis of diverse cultural patterns present in different countries. Cattin, Jolibert, and Lohnes (1982) found a cross-cultural response bias in consumers' COO perception. The following hypothesis is proposed:

H13: Consumers' culture influences COO perceptions, predispositions, purchase attitude, stigma, and preference formation.

### 3.2 Chapter Summary

Chapter 3 presented and explained the hypotheses that lead to the conceptual framework by linking well established literature streams (e.g., COO effects, ethnocentrism, stigma, and LOF). All constructs were discussed and adopted as an individual level of analysis of LOF. The next chapter will discuss the research design adopted for this thesis.

# 4. CHAPTER FOUR
# RESEARCH DESIGN AND MEASUREMENT

Chapter 3 developed the rationale for the hypotheses and the conceptual model depicts the hypothesized interrelationships between each construct. Empirical research was undertaken to answer the research question regarding the effect of a product, service, or company's COO influence on consumers' product and service preferences and therefore to test these relationships. To recap, the following sets of hypotheses were developed: The first set concerns the tangible and intangible marketing variables influencing consumers' perception of COO, distinguishing between the origin of the products, services, and company. As discussed, consumers' perceptions should be correlated with COO. The second set of hypotheses focuses on the formation of consumers' predisposition, either positive or negative, as a function of products', services', and company's COO. The third set of hypotheses relates to formation of stigmatization in the case of a negative predisposition (LOF), and to positive purchase attitude in the case of a positive predisposition. Finally, the fourth set of hypotheses concerns consumers' product and service preference due to positive purchase attitude, stigmatization, and environmental awareness as a result of COO effects.

This chapter outlines the procedures for collecting and analyzing the data. Specifically, this chapter consists of Section 4.1, which describes the country, product, and service selection and Section 4.2, which explains the design of the study. Section 4.3 provides an overview of the population and sampling method. Section 4.4 and Section 4.5 examine the development of the questionnaire and the selected scales respectively. Section 4.6 concludes with the data collection procedures.

## 4.1 Selected Countries

The selection criteria for choosing the foreign countries included the following: 1) countries reflected the marketplace; 2) consumers were likely to have a wide experience with purchasing from these countries (statistical data for Australia's imports supported these choices); and 3) countries were required to have identical or very similar products, services, and companies available, rather than choosing countries based on level of economic development of the country (Bilkey & Ness, 1982). Thus, referring to Table 4-1, the USA, Germany, China, Japan, and France represent a spectrum of countries that have high relevance in terms of Australia's importing statistics (ABS, 2009).

*Table 4-1 Australia's Merchandise Import by Country*

| Country | Value in $ m | Share of Total Imports (%) |
|---|---|---|
| China | 27138 | 15.0 |
| USA | 24927 | 13.8 |
| Japan | 17409 | 9.6 |
| Germany | 9274 | 5.1 |
| France | 3168 | 1.8 |

Source: ABS (2009)

Consistent with one of the main key methodological and research design issues as identified by Mezias (2002), determining if foreign firms face a LOF requires a comparison which must be between foreign and domestic firms in the same host country. Thus, Australia was included in the country selection pool as well, leaving a total of six countries as countries-of-origin for participants to evaluate: USA, China, Germany, Australia, Japan, and France.

### 4.2 Selected Products and Services

The objective of this study was to investigate consumers' preferences of foreign and domestic products and services in general; thus products and services were selected from different categories. When considering the products and services to be included in this study, several issues needed to be addressed: (a) what categories of products and services needed to be included, (b) whether the selected products and services had been used in previous studies, (c) whether a large percentage of those services and products are imported, (d) whether they represent an important expenditure for consumers, and (e) whether a domestic alternative exists for the selected product and service categories.

Again, the existence of a domestic alternative is important in investigating LOF as it requires a comparison between foreign and domestic firms' offerings in the same host country (Mezias, 2002). Chapter 2 provides an overview of former studies on COO and product and service encounters, which have used multiple products and service settings in their designs.

### *4.2.1 Products*

The assessment of consumer preferences was undertaken for the following eight product categories, which have been used extensively in previous research: cars, (Roth & Romeo, 1992; Han, 1989), food, (Badri, Davis, & Davis, 1995; Krishnakumar, 1974), electronics (Han & Terpstra, 1988; Samiee, 1994), fashion (Dornhoff et al., 1974; Khachaturian & Marganosky, 1990), toys (Balabanis & Diamantopoulos, 2004; Peris, Newman, Bigne, & Chansarkar, 1993), do-it-yourself (DIY), (Balabanis & Diamantopoulos, 2004; Kaynak & Cavusgil, 1983), furniture (Balabanis & Diamantopoulos, 2004), and toiletries (Badri et al., 1995; Balabanis & Diamantopoulos, 2004).

Australia imported $180.8 billion of goods in 2004. Numerous foreign and domestic products are available to consumers every day, and after a thorough review of the Australian market, the selected products categories represent important expenditure for the consumer as well as a large percentage of Australia's imports. Table 4-2 depicts selected product categories with respective value in $ millions.

*Table 4-2 Australia's Merchandise Imports by Product Category*

| **Product Category** | **Value in $ Millions** |
|---|---|
| Cars | 12,000 |
| Toys | 7,000 |
| Fashion | 5,000 |
| Food | 5,000 |
| Electronics | 4,000 |
| DIY | 3,000 |
| Furniture | 2,300 |
| Toiletries | 1,600 |
| Total | 39,900 |

### *4.2.2 Services*

The assessment of consumer preferences was undertaken for the following seven service categories, which have been used extensively in previous research: educational (Ford, Joseph, & Joseph, 1993; 1999), medical (Schlegelmilch, Carman, & Moore, 1992, 1992; Witkowski & Wolfinbarger, 2002), legal (Shaffer & O'Hara, 1995), advertising (Seringhaus & Botschen, 1991; Moon & Jain, 2001), entertainment (Ahmed, Johnson, Ling, Fang, & Hui, 2002), computer/IT (Wetzels, Birgelen, & Ruyter, 1996), and travel services (Pecotich, Pressley, & Roth, 1996). Numerous foreign and domestic services are available to consumers, and after a thorough review of the Australian market, the selected service categories represent an important expenditure for consumers as well as a large percentage of Australia's imports. Table 4-3 depicts selected service categories with respective value in $ millions.

*Table 4-3 Australia's Merchandise Import by Service Category*

| **Service Category** | **Value in $ millions** |
|---|---|
| Travel | 29,400 |
| Education | 14,900 |
| Medical | 5,000 |
| Legal | 3,100 |
| Computer/IT | 1,500 |
| Advertisement | 364 |
| Entertainment | 44 |
| Total | 54,308 |

## 4.3 Research Design

When focusing on international marketing issues, researchers choose between exploratory and descriptive, or casual research designs (Malhotra, Agarwal, & Peterson, 1996). There are two major types of survey research (Kerlinger, 1986). The first type can be classified as 'exploratory' where the objective is to become more familiar with a topic. There is usually no model in exploratory research and the concepts of interest need to be better understood and measured (Malhotra & Grover, 1998). Another type of survey research is referred to as descriptive, which provides the characteristics of a population under study and has been described as indispensable in the early stages of studying a phenomenon (Dubin, 1978). The second type of survey research is explanatory research and is devoted to finding causal relationships among variables.

This dissertation is descriptive in nature since its objective is to develop “the units to comprise theories” (Malhotra & Grover, 1998, p. 409) by formulating and testing hypotheses and to provide characteristics of the population under study, thereby ascertaining facts. Thus, this dissertation aims to comprise stigmatization theory, develop a conceptual framework and empirically test some of the hypotheses by documenting the existence of LOF with respect to marketing costs, with a specific focus on consumer’s perceptions of products, service, and companies COO label. Research designs can be either cross-sectional or longitudinal (Malhotra & Grover, 1998). Cross-sectional is used when participants are surveyed only once, whereas in contrast, longitudinal designs are appropriate for studying phenomena that change (Malhotra & Grover, 1998).

A cross-sectional design was used because information was collected at one point in time from a sample chosen to represent the population and differences were tested in population subsets. Cross-sectional data refers to data collected by observing many subjects at the same point of time, or without regard to differences in time.

## 4.4 Unit of Analysis

It is imperative that the *unit of analysis* be clearly defined at the outset. In other words, all questions in the instrument should be collecting information at a consistent unit of analysis, whether it is the individual, work group, project, function, organization or even industry (Malhotra & Grover, 1998). Thus, clearly identifying the unit of analysis is pivotal to avoid resulting in erroneous conclusions of the research. The main unit of analysis of this dissertation is the individual unit.

## 4.5 Questionnaire Design

According to Green and Albaum (1988) research design includes the "overall operational pattern or framework of the project that stipulates what information is to be collected, from which sources, and by what procedures" (p. 96). Luck and Rubin (1992) refer to research design as "a statement of only the essential elements of a study, those that provide the basic guidelines for the details of the project" (p. 51). The research design includes a discussion of (a) scale development and scale items, (b) questionnaire pretesting and revision, (c) sample chosen and size, (4) data collection, (d) data preparation and coding, and finally, (e) data analysis. The constructs in the conceptual framework were tangible and intangible marketing variables, perception of product/service/company's COO, predisposition to COO, positive purchase attitude, global awareness, stigmatization, and product and service preference.

### 4.6 Scale Development and Scale Items

This section includes discussions of scales utilized to measure the research's constructs. Researchers construct sets of variables they feel will validly measure that which is technically unobservable (the construct). The constructed scale can then be compared with other scales that profess to measure the same construct (Nunnally & Bernstein, 1994). An extensive literature review was conducted in order to find scales that had been developed and used in similar research projects. Several questionnaires and scales were found, which were then modified and adapted for this study to better suit the objectives of this research. This practice is acceptable as long as the original scale was appropriately developed and tested, and the modification does not significantly nor theoretically alter the underlying structure of the original scale (Chan, Wong & Leung, 1998; Rawwas, Vitell, & Al-Khatib, 1994).

### 4.7 Questionnaire Pretesting and Revision

Questionnaires do not emerge fully-fledged; they have to be created or adapted, fashioned and developed to maturity after many abortive test flights. In fact, every aspect of a survey has to be tried out beforehand to make sure that it works as intended (Oppenheim, 2001). Though, scales were selected from previous studies, meaning they were borrowed or adapted questionnaires from other research, there still remains the task of making quite sure that these will 'work' with the chosen population and will yield the required data. Thus, piloting can help not only with the wording of questions but also with procedural matters such as the design of an instructional letter, the order of question sequence which may reduce nonresponses rates. Thus, a pilot test was conducted to assess how well the instrument captured the constructs it was supposed to measure and to test the internal consistency and the comprehension of the questionnaire items.

The questionnaire was pretested on five postgraduate students including participants from a non-English speaking background in order to make sure that the (a) instructions in the questionnaire were easy to understand and interpret, (b) student participants in the final questionnaire, were not stymied by issues of concern for the pretested sample, (c) questionnaire content was valid, and (d) the time allowed for the respondents to answer the questionnaire was sufficient and not pressured. The pretesting of the questionnaire generated a few important ideas to improve the questionnaire in terms of language, grammar, time requirement, instruction clarification, and culture-language adjustments. Furthermore, the revised questionnaire was subject to examination by the Research Chair and the Committee Members regarding its applicability, suitability to the research context, and content validity, and once the research proposal for this study had been approved by the Study Chair and the Committee (see Appendix A), permission for ethical clearance was sought from Bond University Research Ethics Committee (BUREC) prior to the commencement of data collection. Ethical considerations follow in the next section.

## 4.8 Ethical Considerations

This section outlines the ethical implications of the research undertaken and the precautions that were taken to protect the rights and well-being of the research participants. As part of the questionnaire, respondents were given a covering letter as shown in Appendix B. Participants viewed the covering letter prior to responding to the questions, which indicated that they were not coerced into participating in the study and as no identifying information was requested they could not be identified. Thus, informed consent is an important feature of ethical consideration in any research involving human subjects and in this research it included:

- a brief description of the study and its procedures;
- a full identification of the researcher's identity;
- an assurance that participation was voluntary and that the respondent had the right to withdraw at any time without penalty;
- an assurance of confidentiality;
- the benefits and risks associated with participation in the study; and
- the contact details of the University's Ethics Officer should participants have any

complaints regarding the study or the manner in which it was conducted.

The Internal Review Board for Human Subject Protection approved the questionnaire without requiring any modifications (see Appendix C).

### 4.9 Study Instruments

Two questionnaires were used in this study: the first questionnaire measured participants' level of global awareness (GAP) and the second questionnaire measured the remaining constructs including perceptions of tangible and intangible marketing variables, perceptions of a product, service, company COO, predisposition to COO, purchase attitude, product and service preference formation, stigmatization, and demographic questions. A more detailed discussion of each construct and operationalization will follow in the next section.

A covering letter (see Appendix B) signed by the dean of the school and the university's ethic committee accompanied the questionnaire. The purpose of the letter was to solicit participation in the study, describe the importance of participant comments, assure participants of confidentially of their responses, and indicate the importance of returning the completed survey. On the instrument's first page, participants were asked to provide their student identification number for the following reasons: a) to ensure that each returned survey was not duplicated, b) to reward students with extra credit points upon completion of both questionnaires, and c) to match the two questionnaires for each participant. Participants were assured that after returning both questionnaires, their data would be treated anonymously.

### 4.10 Research Variables and Scales

This section includes discussions of scales utilized to measure the study's constructs. Researchers construct sets of variables they feel will validly measure that which is technically unobservable (the construct). Several of the scales have been modified to better suit the objectives of this research. This practice is acceptable as long as the original scale was appropriately developed and tested, and the modification does not significantly nor theoretically alter the underlying structure of the original scale (Chan et al., 1998; Rawwas et al., 1994).

## 4.11 First Questionnaire

### *4.11.1 Global Awareness Profile (GAP)*

The first questionnaire consisted of Corbitt's (1998) global awareness profile (GAP). Corbitt (1998) state that global awareness involves "a recognition and appreciation of the size, complexity, and diversity of the earth as a single entity" (p. 13) and enables people "to perceive the vastness of the world, its dynamic complexity, and the diversity of its people" (p. 14). In particular, the GAP test provides 120 selected questions in six geographic areas (Asia, Africa, North and South America, Middle East and Europe. The contents cover six broad contexts: environment, politics, geography, religion, socioeconomics and culture. Once scored, total and subtotals are calculated so that scores can be profiled according to both geographic and context awareness.

## 4.12 Second Questionnaire

The second questionnaire measured the following research variables: (a) perceptions of tangible and intangible marketing variables, (b) perceptions of a product, service, company COO, (c) predisposition to COO, (d) purchase attitude, (e) product and service preference formation, (6) stigma, and (f) demographic questions along with international travel, working, and living questions (see Appendix D).

The data-collection instrument consisted of seven-parts. The relevant literature and survey instruments developed by past researchers provided the basis for developing the questionnaire for this study. The researcher followed Churchill's (1979) method to develop better measures but since the survey instruments developed by past researchers provided the basis for developing the questionnaire, some steps of Churchill's procedure were unnecessary. After the scales were selected they were adjusted to fit the context of the study. A brief discussion of each construct and level of measurement follows.

### *4.12.1 Perceptions of Tangible and Intangible Marketing Variables*

The first part of the second questionnaire was to identify consumers' COO perceptions of tangible and intangible marketing variables. The study focused on general attitudes that the consumers held about marketing practices of the six selected countries in general – not specific products and marketing practices. Attitude was defined as “an organized predisposition to respond in a favorable or unfavorable manner toward a specified class of objects” (Shaver, 1977). Conceptualization and items for measuring the constructs were developed, drawing on prior research in the literature, using multi-item five-point-Likert-scales with anchors of 1 = strongly agree and 5 = strongly disagree. The items used were adopted from Darling and Wood (1990) and Nagashima (1977) and included 27 Likert-type statements focusing on tangible and intangible marketing variables of companies from the USA, Japan, Germany, China, Australia and France. For each of the statements, participants were asked to respond along a five-point scale ranging from 1 = strongly agree, to 5 = strongly disagree. Within the 27 statements, the following tangible and intangible marketing variables were covered (Figure 4-1). The exact wording of all the statements can be seen in Appendix E.

*Figure 4-1 Tangible and Intangible Marketing Sources of Liability-of-Foreignness*

| **Location of LOF** | **Tangible Sources of LOF** | **Intangible Sources of LOF** |
|---|---|---|
| External to the Organization | • Products<br>• Brand<br>• Advertisements<br>• Sales Personnel<br>• Physical Assets Representing the Organization | • Brand Image<br>• Product Image<br>• Country-of-Origin Image<br>• Customer Loyalty<br>• Quality of Customer Service |

*Note*: Sources identified by Harvey (2006)

### *4.12.2 Perceptions of a Product’s COO*

According to Pisharodi and Parameswaran (1992), COO is an evolving construct which states that people attach stereotypical “made in” perceptions to products from countries and this influences purchase and consumption behaviors in multinational markets. Furthermore, the construct encompasses perceptions of specific product image perceptions (Parameswaran & Pisharodi, 1994). Participants were asked to indicate their level of agreement on a 5-point Likert Scale (1=strongly disagree, 2 = disagree, 3 = neutral, 4= agree, and 5=strongly agree) with a series of questions about COO-made products in general.

### *4.12.3 Consumers' Perceptions/Expectations of a Service's COO*

The construct of perceived service quality was measured on a 6-item scale which was a modified version of the SERVQUAL instrument (Parasuraman, 1988). Participants then rated their service satisfaction expectations using a 4-item scale, in which their responses could range from 1 = strongly disagree to 9 = strongly agree, that was adapted from Gotlieb, Grewal, and Brown (1994) and which have been used in previous studies (e.g., Roggeveen, Bharadwaj, & Hoyer, 2007). The measures were: "I anticipate that I will be satisfied with the customer service I receive from this computer company," "I anticipate that I will be happy about my decision to purchase from this company," "I did the right thing by purchasing my laptop from this company," and "Overall, I anticipate that I will be satisfied with this company". The scale was found to be highly reliable ($\alpha$ = .92).

### *4.12.4 Perception of Company's COO*

To measure consumer's perception of a company's COO, respondents were asked to indicate their level of agreement on a 5-point Likert Scale (1=strongly disagree, 2 = disagree, 3 = neutral, 4= agree, and 5=strongly agree) with a series of questions about COO of the corporation (COC) in general. General attitude statements were adapted from Wall and Heslop (1986, 1991). The scales included attitude statements such as (1) "COC are concerned about quality", (2) "COC are more concerned with profits than quality", (3) "In COO it costs too much to make a high quality product", (4) "COC's products can compete with imports in terms of quality", (5) "If the quality of COC-made and imported products is the same, I will buy COC products even if it costs a bit more", (6)" The quality of COC products over the past five years has improved", (7) "I expect the quality of COC products to improve over the next 5 years", and (8) "Overall, the quality of COC products is equal to, if not better than, imported products".

### *4.12.5 Predisposition to COO*

Predisposition refers to the buyers' preference towards products, services, brands in his evoked set and can be measured by attitude statements (Sheth & Howard, 1969). Consumer ethnocentrism involves the tendency of consumers to exhibit a positive or favorable predisposition toward products originating from their own country while rejecting imported products (Sharma et al., 1995). A 17-item, 7-point Likert-type summated scale measuring consumer nationalism, called the Consumer Ethnocentric Tendency (or CETSCALE), was proposed, developed and used by Shimp and Sharma in 1987. However, a modified and adapted scale was used in this study. Reduction was made to the number of items (e.g., from 17 to 10) thus making the tasks less onerous. This 10-item CETSCALE has been shown to reliably capture the consumer ethnocentrism construct (Nielsen & Spence, 1997). The original 7-point Likert-type scale was converted to a 5-point semantic differential scale to make measurement of this construct. Higher scores on each item (maximum 5) indicated that respondents strongly believed in buying domestic products, thereby showing more ethnocentric tendencies. Lower scores (minimum 01) indicated that those respondents did not think that buying domestically-produced products was important. Note that because the questionnaire was administered to different nationalities, the ethnocentrism scale was prepared in a way that whoever did the survey, they would relate to their home country.

#### *4.12.6 Purchase Attitude*

The semantic differential scale is a frequently used scaling tool for measuring social attitudes (Osgood, Suci, & Tannenbaum, 1957). To measure purchase attitudes towards the product, three semantic differentials employing a graphic cue, meaning respondents were asked to place an X on the line that represented their attitude towards purchase products from six respective countries. Purchase attitude was measured using three 9-point semantic differential scales (unlikely/likely, definitely would not/definitely would, improbable/probable) in response to “How likely is it that you would consider purchasing products from the following countries (USA, China, Germany, Australia, Japan, and France)?”. Similarly, the same anchors were used when measuring “How likely is it that you would consider purchasing services from the following countries?” and “How likely is it that you would consider purchasing products/services from companies from the following countries?”.

#### *4.12.7 Product and Service Preference*

Participants were instructed to rank the different countries under the assumption that products originating from them had similar attributes or features and were sold at the same price (1 = the most preferred COO and 6 = the least preferred COO for the specific product). Chosen product categories included: cars, food, electronics, fashion, toys, do-it-yourself (DIY), furniture, and toiletries. Justification for choosing these product categories can be found in Section 4.1. Chosen service categories included: education, medical, legal, advertising, entertainment, computer/IT, and travel services. Again, justification for choosing these service categories can be found in Section 4.1.

Preference rankings were chosen over ratings, because current methodological evidence reviewed by Krosnick (1999) has suggested that rankings "yield higher quality data" and "manifest higher discriminant validity" when evaluating a series of objects on a single scale (p. 554). The use of rankings is consistent with advice in the COO literature that "where feasible, the dependent variable measures should be choice or simulations of choice" (Liefeld, 1993, p.147). It is readily admitted that a limitation of using rankings is that the specific product attributes used by consumers to form preferences are not explicitly identified.

#### *4.12.8 Stigma*

Stigma occurs when a mark links an identified person via attribution processes to undesirable characteristics that discredit him or her in the eyes of others. A commonly used measure encountered was that of social distance (Jones et. al., 1984). Social distance seeks to assess a respondent's willingness to interact with a target person in different types of relationships. Bogardus's (1925) social distance scale includes items that differ in the closeness of the association a respondent is asked to accept or decline.

For measuring social distance, the scale published by Link, Cullen, Frank, and Wozniak (1987), which, in fact, is a modified version of the Bogardus's (1925) social distance scale, was used. The scale was adapted to the research context of measuring social distance to products, services, and companies. Thus, to measure social distance to product's COO, the measure included five items representing the following social relationships or situations: products available in one's country, state, local community, family, and exclude from one's country. Similarly, these five items also measured social distance to service's COO. Finally, to measure the social distance to a company's COO, the scale included eight items representing the following social relationships or situations: country, state, local community, parents' location, employment of siblings, employments of neighbors, and bar from one's country. For all three scales (product, service, and company), respondents were asked to "mark as many columns as you find appropriate to accurately reflect your feelings toward each of these countries," and to choose as many of the categories as they found appropriate. As in previous studies, a respondent's left-most answer (the closest degree of social distance) was scored to represent that individual's social distance for each particular country.

### *4.12.9 Demographic Profile of Participants*

The final part of questionnaire gathered information on gender, age, and culture. This section also gathered information used to describe the status of international experience among participants. In particular, two nominal questions asked participants to indicate how many countries they had traveled to outside their home country, and what the longest time they had worked, lived, or studied in a different country. Next, there were three dichotomous questions (yes or no) inquiring whether participants had worked in a country other than their home country; participated in a student exchange semester, and studied international/global business while at university. Another nominal question asked participants to indicate how many international/global courses they had taken at university. Finally, another dichotomous question asked whether participants anticipated being involved in international/global business during their career.

*Table 4-4 Summary of Questions Included in Questionnaire*

| Appendix | Construct | Scales | Number of Items |
|---|---|---|---|
| D | Global Awareness | GAP | 120 |
| E | Perceptions of | | |
| | Tangible variables | 5-point Likert Scales | 16 |
| | Intangible variables | 5-point Likert Scales | 11 |
| | Perceptions of | | |
| | Product's COO | 5-point Likert Scales | 8 |
| | Service's COO | 5-point Likert Scales | 4 |
| | Company's COO | 5-point Likert Scales | 8 |
| | Predisposition to COO | CETSCALE | 10 |

| Appendix | Construct | Scales | Number of Items |
|---|---|---|---|
| | Purchase attitude to | | |
| | Product's COO | 9-point semantic differential scale | 3 |
| | Service's COO | 9-point semantic differential scale | 3 |
| | Company's COO | 9-point semantic differential scale | 3 |
| | Preference of | | |
| | COO's product | 6-item ranking | 6 |
| | COO's service | 6-item ranking | 6 |
| | Stigmatization of | | |
| | Product's COO | Bogardus Social Distance Scale | 5 |
| | Service's COO | Bogardus Social Distance Scale | 5 |
| | Company's COO | Bogardus Social Distance Scale | 8 |
| | Demographics | | 10 |
| Total | | | 226 |

As shown in Table 4-4, the questionnaire presented to the final participants comprised (a) a covering letter requesting participation in the research including Institutional Review Board permission, (b) a GAP, (c) consumers' perceptions of tangible and intangible marketing variables, (d) perceptions of a product/service/company COO, (e) consumers' predisposition, (f) purchase attitude, (g) consumers' product/service/company's image preference formation, (h) stigma, and (i) demographic questions together with international travel, working, and living questions.

## 4.13 Population and Sample

### *4.13.1 Description of the Target Population*

As reflected in the previous literature review (Chapter 2), the majority of studies in the field of LOF have been conducted in Western cultures, mainly in the USA. Moreover, most consumer behavior models have been developed in the USA and few have been tested empirically outside North America (Albaum Peterson, 1984; Lee & Green, 1991; Netemeyer, Durvasula, & Lichtenstein, 1991). This discrepancy has led researchers to heed the call to extend the study of marketing phenomena to international (non-USA) settings. Australia has been attracting the interest of business because it not only has the 14th biggest economy in the world, but it also has experienced an increase in imports by more than 20 percent (ABS, 2098). Therefore, the proposed conceptual framework was tested in Australia.

It is important to be clear about the population whose views are relevant in any particular survey. The study population consisted of all undergraduate and postgraduate students enrolled at a university in Queensland, Australia during the May semester of 2009. This population of students was a representative sample of typical students enrolled in similar programs. Respondents were offered extra credits for voluntary participation.

#### *4.13.2 Sampling Method and Sample Size*

Sampling is concerned with drawing individuals or entities in a population in such a way as to permit generalization of the phenomena of interest from the sample to the population. The most critical element of the sampling procedures is the choice of the sample frame, which constitutes a representative subset of the population from which the sample is drawn. The current study can be classified as comparative as well as theoretical research. Comparative, as the research is concerned with "comparing attitudes and behavior in two or more countries or cultural contexts, with a view to identifying similarities and differences between them" (Kumar, 1991, p. 13). And theoretical, as the research seeks to "examine the extent to which theories, models and constructs developed in one country are valid and applicable in other countries and cultural contexts" (Craig & Douglas, 2001, p. 29). Both types of research favor between-country comparability, and the samples utilized should ensure that any differences observed are not due to sample differences (Sin, Cheung, & Lee, 1999). Between-country comparability can be achieved by statistical control (van de Vijver & Leung, 1997). Statistical control involves measuring the main sociodemographic variables upon which national groups vary so that they can be explicitly entered in the analysis as covariates (control variables) and their influences can be controlled for when making comparisons across countries. Typical procedures employed for doing this include analysis of covariance and multiple regressions (Craig & Douglas, 2001).

A significant development in recent decades has been reduced interest in sampling the general population of consumers and increased interest in sampling specific groups (Sudman & Blair, 1999). These groups tend to be more tightly defined than the general population, and so probability sampling is often easier with these groups than with the general population. This leads to generalization of the research results being valid, if they are restricted to the subpopulation of interest.

### *4.13.3 Stratified Purposive Proportionate Sampling Method*

A stratified purposive sampling (Patton, 2002), a hybrid approach in which the aim is to select groups that display variations on a particular phenomenon but each of which is fairly homogenous, so that subgroups can be compared. Thus, the current study chose Australians, Europeans, Asians, and Americans on “purpose”. In purposive sampling, the selection of participants, settings, or other sampling units is criterion based or purposive (Mason, 2002; Patton, 2002). According to Fowler (2008) stratification increases the precision of estimates of variables to which the stratification variables are related. The sample units are chosen because they have particular features or characteristics which will enable detailed exploration and understanding of the central themes and puzzles which the researcher wishes to study. Furthermore, the literature review indicates that nonprobability sampling is used in most international studies (e.g., Albaum & Peterson, 1984; Samiee & Jeong, 1994; Sin et al., 1999). The researcher decided it is appropriate to use a student sample for the following reasoning. According to Bello, Leung, Radebaugh, Tung, and Witteloostuijn (2009) four broad conditions legitimize the use of student samples in international business research: (1) guidance of a well-defined theory with sophisticated predictions and confirmative results based on student participants, (2) either cross-check with employee-based results or (3) provision of convincing, strong argument for the generalizability based on the extant literature, and (4) employing a within and between research design (Friedman, Chi, & Liu, 2006; Tung, 2008). In response to Bello et al. (2009), the researcher used a well-defined theory, stigma, with sophisticated predictions by proposing an extensive conceptual framework and corroborating extant COO, LOF, and stigma literature. Thus, members of a sample are chosen with a purpose to represent a location or type in relation to a key criterion. This has two principal aims. The first is to ensure that all the key constituencies of relevance to the subject matter are covered. The second is to ensure that, within each of the key criteria, some diversity is included so that the impact of the characteristic concerned can be explored. Table 4-5 depicts the student population at the study university in Queensland, Australia.

*Table 4-5 Student Population at a private university in Queensland*

| Region | Frequency | Percentage |
|---|---|---|
| Australian | 2337 | 63.5 |
| American | 620 | 16.9 |
| Asian | 454 | 12.3 |
| European | 239 | 6.5 |
| Other | 29 | 0.8 |
| Total | 3679 | 100 |

### *4.13.4 Size of Sample*

Sample size must be sufficient to allow statistical analysis. Van Dalen (1979) listed three factors that he considered determined the size of an adequate sample: (a) the nature of the population, (b) the type of investigation, and (c) the degree of precision desired. Sample size is based primarily on the number necessary for proper statistical analysis for the selected technique. In one article it was suggested that for studies with relatively homogeneous samples, 200 to 500 responses are generally adequate (Almanza, Vida, Plank, & Fairhurst, 1994). Samples used in past COO studies averaged 226 in size (Khare, 2006) and the majority of these studies used a student population (Lindquist, 2001; Netemeyer et al., 1991; Suh & Kwon, 2002). Moreover, meta-analytic studies have shown that the use of student samples does not systematically lead to an overestimation of COO effects (Liefeld 1993; Peterson & Jolibert 1995; Verlegh & Steenkamp 1999), thus, in this particular study, it was decided that the use of a student sample was appropriate.

Hofstede (1980) stipulated that to obtain statistically reliable (stable) scores, groups of respondents should not be less than 50 although lower but still acceptable reliability of scores can be obtained for groups of between 20 and 50. Scores should not be computed for groups of fewer than 20 respondents. Furthermore, due to the statistical analysis employed for the current empirical study, a sufficient sample size was required for an ordered logit regression The ratio of valid cases (443) to the number of independent variables (4) was 110.75 in this study, which was equal or greater than the minimum ratio as well as the preferred ratio. Thus, the preferred ratio of cases to independent variables was satisfied.

*Table 4-6 Purposive Proportionate Stratified Sampling Method*

| **Region** | **Frequency** | **Percentage** |
|---|---|---|
| Australian | 281 | 63.4 |
| American | 75 | 16.9 |
| Asian | 54 | 12.2 |
| European | 29 | 6.5 |
| Other | 4 | 0.9 |
| Total | 443 | 100 |

The population consisted of 16.9% Americans (620), 6.5% Europeans (239), 12.3% Asians (454), and 63.7% Australians (2337) during the May semester 2009 at a private university in Queensland (see Table 4-5). Therefore, the respective student sample consists of 75 Americans (16.9%), 29 Europeans (6.5%), 54 Asians (12.2%), and 281 Australians (63.4%) (see Table 4-6).

## 4.14 Justification for the Format Used in the Study

A horizontal format was used for the questions in the questionnaire for a number of reasons. The horizontal format for all of the responses not only saved space but also allowed the respondents to be able to work quickly through the items in the questionnaire by not having to learn different formats. In this study respondents were adults and educated enough to work with the horizontally formatted questionnaire (Aaker, Kumar, & Day, 1995).

## 4.15 Questionnaire Administration and Data Collection

Administration of the final questionnaires included obtaining permission to administer the questionnaire at a private university in Queensland, questionnaire distribution to participants and data collection. A response rate was calculated from the data collected. Before the questionnaires were administered at the university written permission was obtained from the dean and respective lecturers.

### *4.15.1 Questionnaire Administration and Collection*

Data were collected by means of a self-completion paper and pencil questionnaire that was administered to respondents using the "drop off and collect" method (Brown 1987), which has been widely used in previous COO studies (see, e.g., d'Astous & Ahmed 1999; Papadopoulos & Heslop, 1993; Papadopoulos Heslop, & Bamossy, 1990). Six hundred and three questionnaires were administered to international students on three different occasions between week 6 and week 8 of the May semester 2009 at a private university in Queensland, Australia. The students were enrolled in two different core subjects, which are mandatory for all students at this particular university, meaning students come from different disciplines with different majors. Students answered the questionnaires during their normal class hours. This was prearranged with the professors teaching those classes. The first questionnaire, the GAP, included 120 questions, which may appear to be a lot of questions for an individual to answer, but the repetitiveness of the questions made the task of answering the questions a fairly quick procedure. Furthermore, Dillman (1978) showed that the optimal length of surveys is about twelve pages or 125 items, thus, it was decided that 120 items for the GAP was reasonable for participants with regards to lengths of the questionnaire.

For this questionnaire, the questionnaire administrator did the following: (1) distributed the questionnaire to each respondent (one questionnaire per respondent), (2) provided pen/pencil when required, (3) verbally briefed participants about the purpose and importance of the research as well as data collected for the research, (4) clarified questions and/or doubts about the questionnaire, section, questions, raised by the participants, (5) collected the answered questionnaires from the participants, (6) thanked the participants in person for their cooperation and time, and (7) remained available to answer questions. The students took between 40 to 50 minutes to answer the questionnaire. The questionnaire administrator found students active, concentrated, interested and not rushed. The students responding to the questionnaires were from business and business related disciplines and were in different years of their studies. The student samples were selected because of their convenience for the researcher, being homogeneous in terms of academic discipline, and levels of education which were factors considered important for the purpose of controlling any potential impact of other factors on the outcome of the study.

According to Calder, Phillips, and Tybout (1982a) homogenous samples are desired for two reasons. First, sample homogeneity helps to reduce error variance that can be attributed to nontheoretical constructs and therefore reduces the likelihood of making a Type II error. When participants are homogenous with respect to the characteristics that affect their responses, the error variance is reduced and the sensitivity of statistical tests in identifying significant relationships increases. Homogenous participants are also desired because they permit more exact theoretical predictions than what might be possible with a heterogeneous group. Increased variability in behavior associated with a heterogeneous group makes precise predictions more difficult and thus makes the failure of the theory more difficult to detect.

Five hundred and thirty three GAPs were returned and a similar procedure was undertaken when handing out the second, follow-up questionnaire. Filling out the second questionnaire took about 30 minutes for the students to complete during normal class time.

*Response Rate*

Of the 603 surveys that were distributed to the study respondents, 533 participants returned the first questionnaire (GAP), which was a response rate of 88.4% (see Table 4-7). For the second questionnaire, of the 533 participants, 499 questionnaires were returned which equates to a response rate of 93.6% (see Table 4-8). Surveys were deemed unusable if they had missing values for any of the measurement scales as well as for any respondents less than 18 years of age. While these are not large samples, they were deemed to be of sufficient size to provide initial comparisons across cultures and across time.

*Table 4-7 Breakdown of Participation Rate for GAP*

| Questionnaire | Date | Administered | Received | Response Rate (%) |
|---|---|---|---|---|
| GAP | 22nd June | 239 | 223 | |
| GAP | 23rd June | 237 | 212 | |
| GAP | 24th June | 127 | 98 | |
| Total | | 603 | 533 | 88.4 |

*Table 4-8 Breakdown of Participation Rate for Questionnaire 2*

| Questionnaire | Date | Administered | Received | Response Rate (%) |
|---|---|---|---|---|
| Questionnaire | 29th June | 223 | 214 | |
| Questionnaire | 30th June | 212 | 198 | |
| Questionnaire | 1st July | 98 | 87 | |
| Total | | 533 | 499 | 93.6 |

## 4.16 Data Preparation

Data preparation involved questionnaire editing, coding the responses (data coding) and inputting the data into the Statistical Package for the Social Sciences (SPSS). The data collected were examined for incomplete questionnaires and consistency (e.g., misunderstandings about how a question should have been answered or end piling).The criteria used for retaining or rejecting a questionnaire depended on the number of items or questions in each section, number of questions missing or unanswered from each section, and from which sections of the questionnaire questions were unanswered. For example, questionnaires with questions unanswered (missing information) for a whole section, were immediately rejected. A questionnaire was rejected when 40 percent of the questions were unanswered by a respondent. Originally 499 completed questionnaires, including a completed GAP as well as a returned second questionnaire, were received, however due to the above described criteria for incomplete or “unusable” participants; the total sample size was reduced to 443.

## 4.17 Data Coding

Data coding started with marking the questionnaires with sequence numbers in an ascending order, that is, 1, 2, 3....n, for each block. The researcher placed an ID alphanumeric on the first page of each questionnaire. Furthermore, the researcher created a codebook (see Appendix F) for the questionnaire editing (e.g., checking for complete and incomplete questionnaires), retention (e.g., retaining a questionnaire for further use in this study) and ordering the questionnaires retained (e.g., placing the ID alphanumeric on the first page of each questionnaire).

The researcher used this codebook as the basis for identifying variables in SPSS. This codebook included variable name, variable type, variable label (or description), variable values, variable missing values, and variable measure. In terms of missing values, note that .9 was used for single digit response scale questions (or single column variables) such as gender (male = 1 and female = 2) and .99 was used for double digit response scale questions (or double-column variables).

### 4.18 Statistical Analysis

The dissertation's research question was to investigate the impact of a company's COO influence on consumers; product and service preferences. Chapter 3 provided the conceptual framework and respective directional hypotheses. However, the purpose of the current empirical study was to investigate participants' preference rankings of different service categories. Due to the dependent variable's nature, a nonmetric ordered dependent variable, the most appropriate analytical method for the data collected and the hypothesized relationships between variables in this research design is a multinomial logit regression.

### 4.19 Multinomial Logistic Regression and multinomial logit regression

Multinomial logistic regression is used to analyze relationships between a nonmetric dependent variable and metric or dichotomous independent variables. It compares multiple groups through a combination of binary logistic regressions, and allows researchers to analyze the dependent variable which is a categorical variable (discrete not continuous) with more than two possible values (Hosmer & Lemeshow, 2000). The group comparisons are equivalent to the comparisons for a dummy-coded dependent variable, with the group having the highest numeric score used as the reference group. Multinomial logistic regression provides a set of coefficients for each of the two comparisons. The coefficients for the reference group are all zeros, similar to the coefficients for the reference group for a dummy-coded variable. Thus, there are three equations, one for each of the groups defined by the dependent variable. The three equations can be used to compute the probability that a subject is a member of each of the three groups. A case is predicted to belong to the group associated with the highest probability. Predicted group membership can be compared to actual group membership to obtain a measure of classification accuracy (Hosmer & Lemeshow, 2000).

More specifically, and based on prior research (Balabanis & Diamantopoulos, 2004), this study employed an ordered logit regression analysis (OLR; Long, 1997). An OLR is a statistical technique that can be used with an ordered (from low to high) dependent variable and allows researchers to analyze the dependent variable which is the categorical variable (discrete not continuous) with more than two possible values (Hosmer & Lemeshow, 2000). The dependent variable used in this document will be consumer's preference rankings, with values of: 1= most preferred and 6 = least preferred. Table 4-9 provides an overview of the measurement variables used in the current study.

*Table 4-9 Measurement of Variables for OLR*

| **Variable** | **Measurement** |
|---|---|
| *Dependent Variable* | |
| Preference rankings | 1= most preferred |
| | 6 = least preferred |
| *Independent Variables* | |
| GAP total test score | Scale: continuous |
| Social Distance | 1 = bought for my family (no social distance) |
| | 2 = being available in my local area |
| | 3 = being available in my state |
| | 4 = being available in my country |
| | 5 = exclude from my country entirely (stigma) |
| Gender | 1 = male |
| | 2 = female |
| Culture | 1= American |
| | 2 = European |
| | 3 = Australian |
| | 4= Asian |
| | 5 = Other |

This model is known as the proportional-odds model because the odds ratio of the event is independent of the category *j*. The odds ratio is assumed to be constant for all categories. An ordered logit model has the form:

$$\operatorname{logit}(p_1) \equiv \log \frac{p_1}{1 - p_1} = \alpha_1 + \beta' x$$

$$\operatorname{logit}(p_1 + p_2) \equiv \log \frac{p_1 + p_2}{1 - p_1 - p_2} = \alpha_2 + \beta' x$$

$$\vdots$$

$$\operatorname{logit}(p_1 + p_2 + \cdots + p_k) \equiv \log \frac{p_1 + p_2 + \cdots + p_k}{1 - p_1 - p_2 - \cdots - p_k} = \alpha_k + \beta' x$$

$$\text{and } p_1 + p_2 + \cdots + p_{k+1} = 1$$

### *4.19.1 Assumptions of Multinomial Logistic Regression*

Logistic regression is relatively free of restrictions and, and with the capability to analyze a mix of all types of predictors (continuous, discrete, and dichotomous), the variety and complexity of data sets that can be analyzed is almost unlimited (Tabachnick & Fidell, 2007). Multinomial logistic regression does not make any assumptions of normality, linearity, and homogeneity of variance for the independent variables. According to Wright (1995), logistic regression enables the researcher to overcome many of the restrictive assumptions of ordinary least squares regressions and thus, is preferred to discriminant analysis when the data does not satisfy these assumptions (Press & Wilson, 1978). The characteristics of logistic regression analysis are as follows:

1. Logistic regression does not assume a linear relationship between the dependents and the independents. It may handle nonlinear effects even when exponential and polynomial terms are not explicitly added as additional independents because the logit link function on the left-hand side of the logistic regression equation is nonlinear. However, it is also possible and permitted to add explicit interaction and power terms as variables on the right-hand side of the logistic equation, as in ordinary least squares regression.
2. The dependent variable need not be normally distributed (but does assume its distribution is within the range of the exponential family of distributions, such as normal, Poisson, binomial, gamma). Solutions may be more stable if predictors have a multivariate normal distribution.
3. The dependent variable need not be homoscedastic for each level of the independents;

that is, there is no homogeneity of variance assumption: variances need not be the same within categories.

4. Normally distributed error terms are not assumed.
5. Logistic regression does not require that the independents be interval.
6. Logistic regression does not require that the independents be unbounded.

However, some limitations to logistic regression analysis are discussed by Tabachnick and Fidell (2007) and include the following.

#### *4.19.2 Ratio of Cases to Variables*

Ordinal logistics require sufficient sample size. How big is big is a topic of some debate, but using a guideline provided by Hosmer and Lemeshow (2000), the minimum number of cases per independent variable is at least 10, whereas the preferred ratio of valid cases to independent variables is 20 to 1. The ratio of valid cases (443) to the number of independent variables (4) was 110.75, which was equal or greater than the minimum ratio as well as the preferred ratio. Thus, the preferred ratio of cases to independent variables was satisfied.

#### *4.19.3 Adequacy of Expected Frequencies and Power*

When a goodness-of-fit test is used that compares observed with expected frequencies in cells formed by combinations of discrete variables, the analysis may have little power if the expected frequencies are too small. Tabachnick and Fidell (2007) have stated that it is best if all expected frequencies are greater than one, and that no more than 20 percent are less than five. In case either of these conditions fail, the choices are (a) accept the lessened power for the analysis, (b) collapse categories for variables with more than two levels, (c) delete discrete variables to reduce the number of cells, or (d) use a goodness-of-fit criterion that is not based on observed versus expected frequencies of cells formed by categorical variables.

#### *4.19.4 Linearity in the Logit*

Although the logistic regression does not require linear relationships between the independents and the dependent, it does assume a linear relationship between the logit of the independents and the dependent. The Box-Tidwell approach (Hosmer & Lemeshow, 1989) is among the simplest statistical method for testing this assumption. In this approach, “terms are added to the logistic regression model which are composed of the interactions between each predictor and its natural logarithm" (Tabachnick & Fidell, 2007, p. 522). The assumption is violated if one or more of the added interaction terms are statistically reliable.

#### *4.19.5 Absence of Multicollinearity*

Logistic regression, like all varieties of multiple regressions, is subject to extremely high correlations among predictor variables, which is reflected in exceedingly high standard errors for parameter estimates. However, one assumption of the logistic regression is that there must be an absence of perfect multicollinearity, to the extent that if one independent is a linear function of another independent, the problem of multicollinearity will occur.

#### *4.19.6 Outliers*

Logistic regression often proceeds by developing a model that provides the tightest fit between the observed frequencies and the frequencies expected from the model in the many cells of the design. Even though the best model is chosen, there are sometimes still substantial differences between observed frequencies and expected frequencies for some cells. If the differences are large enough, there may be no model that adequately fits the data until levels of some variables are redefined or new variables are added. Examination of the residuals of the analysis reveals the adequacy of the analysis, as discussed by Hosmer and Lemeshow (1989).

#### *4.19.7 Independence of Errors*

The logistic regression assumes that responses of different cases are independent of each other. Thus, error terms are assumed to be independent (independent sampling).

### 4.20 Interpretation of Multinomial Logistic Regression Model

There are several ways to interpret the multinomial logistic regression coefficients: the effects on log odds; the effect on odds ratio; and the effect on probability.

#### *4.20.1 The Effect on Log Odds*

The logistic regression coefficients show the effects of the independent variables on the predicted log odds of an event occurring. The logistic coefficients estimate the additive change in the predicted log odds for a one-unit increase in the independent variables, controlling for all other independent variables in the model. For categorical independent variables, a unit change in the variable implies the difference between membership in the indicator category and membership in the reference or omitted category. In interpreting the logistic coefficient in terms of the effect on the log odds, the threshold between negative and positive effect is 0 (Pampel, 2000). The logistic coefficients estimate the marginal effects of the independent variables on the log odds of falling into a particular category as opposed to a reference category (Liao, 1994). For categorical independent variables, the logistic coefficient indicates the difference of logit among the categories.

### *4.20.2 The Effect on Odds*

The exponential of the logistic coefficient provides an estimate of the effect of the independent variable on the odds of an event occurring. The exponentiated coefficient is called the odds ratio and represents a multiplicative change in the odds for a one-unit increase in the independent variable. For categorical independent variables, the exponentiated coefficient is the odds ratio for those in the indicator category versus those in the reference category. The exponential of a positive number is greater than 1, and the odds ratio 1 corresponds to the logistic coefficient 0. An exponentiated coefficient greater than 1 increases the odds and an exponentiated coefficient smaller than 1 decreases the odds. The distance of an exponentiated coefficient from 1 in either direction indicates the size of the effect on the odds for a one-unit change in the independent variable (Pampel, 2000). The exponentiated logistic coefficient is a single summary statistic for the marginal effect of a given independent variable on the odds, controlling for other independent variables (DeMaris, 1992). Interpreting the logistic coefficients in terms of the effect on the odds of an event occurring is an easy and flexible way of interpretation.

### *4.20.3 The Effect on Probabilities*

Based on the logistic coefficients, predicted probability for a given set of values of the independent variables can be computed. Computing the event probability before and after a unit change in $i$th explanatory variable provides the marginal effect of the explanatory variable on the probability. However, the probability is a function of the values of all explanatory variables in the model and the marginal effect on the probability depends on a given set of values of the independent variables. The relationships between the independent variables and the probability of an event occurring are nonlinear and nonadditive (Liao, 1994; Pampel, 2000). Therefore, in contrast to the marginal effect on log odds, the marginal effect on the probability is not constant (DeMaris, 1992). It is not possible to represent the marginal effect of a given predictor on the probability for all cases using a single coefficient. Therefore, interpreting the logistic coefficient in terms of the marginal effects on the probability is useful in examining a typical case. It is useful to estimate the probability focusing on one or two interesting independent variables and setting the values in other variables at their sample means (Liao, 1994). Predicted probability in multiple-outcome models is more useful than those in binary-outcome models. The probability represents a more general case because of the flexible number of response categories (Liao, 1994). Predicted probability in a multinomial model also depends on a given set of values of the independent variables. Thus, predicted probability is estimated focusing on a single independent variable and setting the value in other variables at their sample means.

### *4.20.4 Interpretation for Coefficients in the Current Study*

The interpretation of the coefficients is similar to the interpretation of logistic regression coefficients, except in this case, there are multiple transitions estimated instead of one transition, as there would be with a dichotomous dependent variable. Thus, a positive coefficient indicates an increased chance that a subject with a higher score on the independent variable will be observed in a higher category. A negative coefficient indicates that the chances that subjects with a higher score on the independent variable will be observed in a lower category. Important note: a *higher* category in the current study implies a lower preference ranking as a ranking of 1 implies a low category and a ranking closer to 6 represents a higher category.

## 4.21 Analytical Approach

The following five steps were taken to analyze the data collected. First, the data were prepared for analysis. A total of 443 valid questionnaires were collected. Second the sample profile was analyzed. This step was necessary since a purpose stratified sampling method was employed to match the sample to the population under study. Third, the assumptions underlying ordered logit regression analysis were tested. Fourth, assessment of the reliability and validity of the summated scales used in this study was performed. This included using a confirmatory factor analysis (CFA) for the GAP, a nonlinear principal component analysis (Gifi, 1990) for Bogardus's social distance scale, and computing measures of internal consistency. It is not necessary to perform CFA on the preference scale because it is a ranking scale. And fifth, the ordered logit regression analysis was conducted for each of the six countries (USA, China, Germany, Australia, Japan, and France) across all seven service categories, making a total of 42 ordered logit regressions. Results of all statistical analyses are presented in the following chapter (Chapter 5). Figure 4-2 presents a flow chart of the analytical approach.

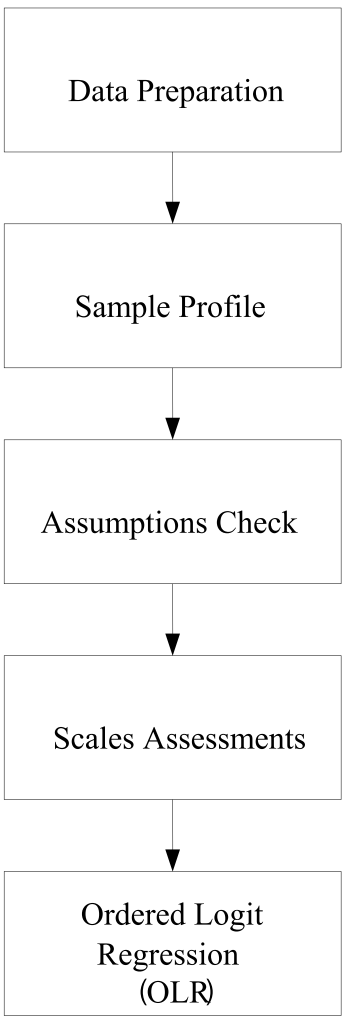


Figure 4-2: *Analytical Approach for Empirical Study*

### 4.22 Chapter Summary

This chapter discussed the research design to guide this dissertation. It considered the justification of countries, product, and service categories selection criteria. The descriptive cross-sectional design of the research included a discussion of the constructs and respective scale development, data collection procedure, description of population and sampling method employed, sample size and response rate, data reduction and coding, and an overview of data analysis. The next chapter (Chapter 5) presents the main results of the partially empirical analysis of the conceptual framework.

# 5. CHAPTER FIVE
# RESULTS OF THE STUDY

## 5.1 Introduction

The first four chapters introduced the research, discussed the literature concerning the conceptual framework, and explained the methodologies proposed for analyzing the dependent and independent variables and relationships between constructs. The purpose of this chapter is to empirically test the conceptual framework. However, testing the entire conceptual framework would be beyond the scope of this thesis, thus, the current study was designed to explore the relationship between stigmatization, global awareness, and consumers' preference for eight service categories, as stigmatization is the main focus of the model.

This chapter is organized as follows: Section 5.1 depicts the part of the conceptual framework to be empirically tested in this study as well as an overview of the hypotheses. Section 5.2 presents data collection and questionnaire usability, followed by a brief overview of the overall sample profile as well as each purposive strata. Section 5.3 discusses psychometric issues concerned with this study. Section 5.4 provides the reader with descriptive statistics of the main underlying construct: stigma and services as well as the dependent variable, service preference rankings. Sections 5.5 and 5.6 address preliminary data analysis and data analysis respectively including a discussion of the underlying assumptions of multinomial logit regression. Section 5.7 addresses the results of the hypotheses testing, and Section 5.8 concludes the chapter with a summary of emergent conceptual relationships.

## 5.2 Conceptual Framework and Overview of Hypotheses

The literature discussed previously (Chapter 2) and the hypotheses generated from that discussion (Chapter 3) are illustrated in the conceptual framework of Figure 5-1. Moreover, the hypothesized interrelationships between stigmatization, global awareness, and service preferences, which will be empirically tested in this study, are accentuated in bold face. Moreover, aligning with previous studies where consumers tend to discriminate across products coming from the *same* country (Herche, 1992; Jaffe & Nebenzahl, 2001; Sharma et al., 1995), additional hypotheses are proposed, which are not depicted in the model.

*H: Preference rankings will vary depending on the specific service category involved.*

*H8b: Global Awareness has a positive effect on service preference*

*H 11b: Stigma has a negative effect on consumers' service preferences for COO*

Factors such as age and gender are known to influence the responses to Bogardus (1925) social distance scale. However, since a student sample was employed, it was decided not to include age and only include gender (see Section 5.5). Furthermore, since the intent of this study was to demonstrate differences between countries and cultures, it was considered not necessary to include the remaining demographic variables in the statistical analysis, here, the sole emphasis of this study is just testing the core part of the conceptual model, that is, stigma on respondents' preferences for different service categories. However, the demographics of the participants (see Section 5.2) are reported to illustrate the homogeneity of the subjects in each country.

*H 12: There is a gender differential effect on service preference*

*H 13: Culture has a differential effect on service preference*

Therefore, for each of the six countries (USA, China, Germany, Australia, Japan, and France) with seven different service categories, 29 hypotheses will be tested, which add up to a total of 173 hypotheses.

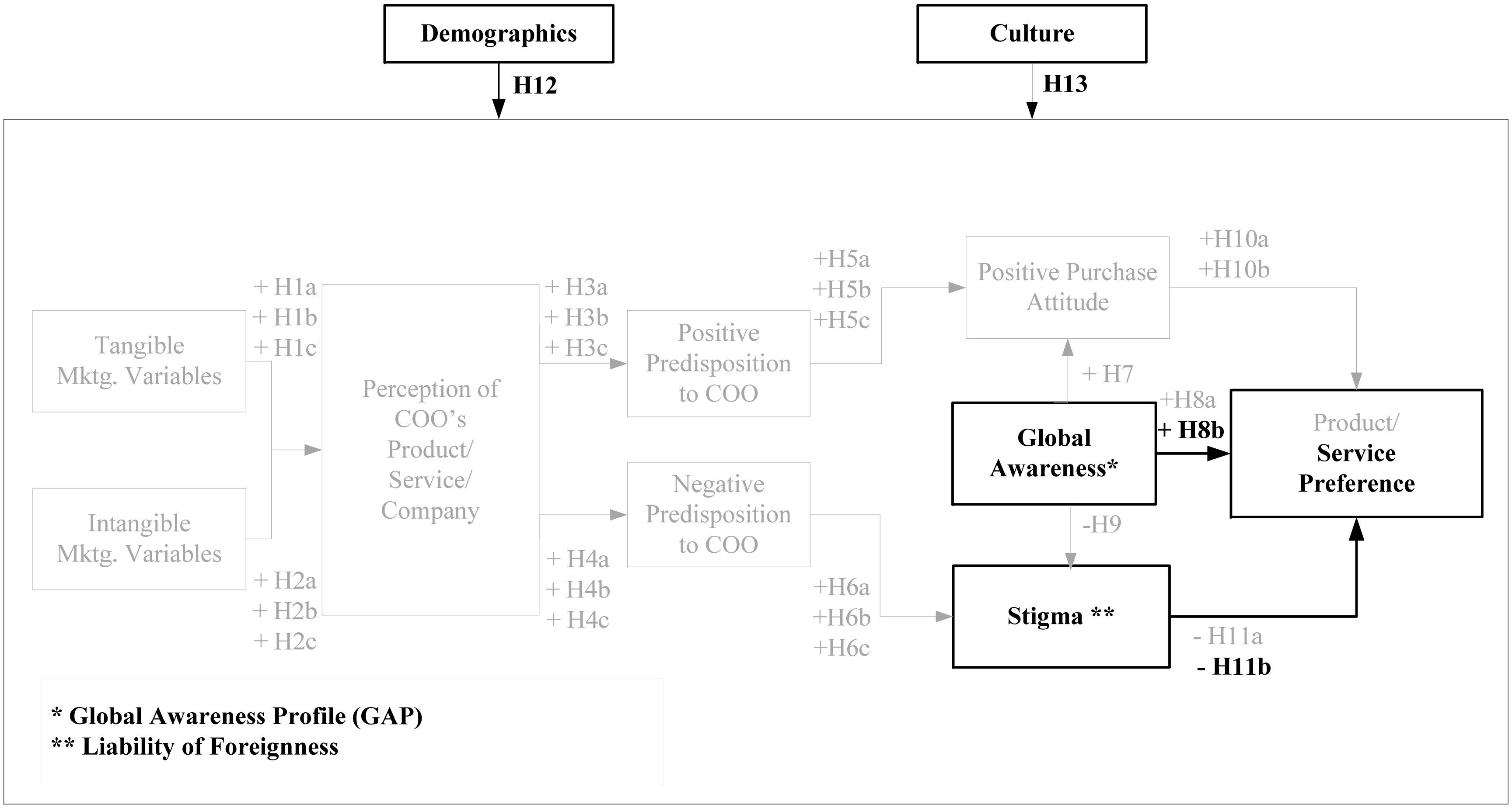


*Figure 5-1 Conceptual Framework – Emphasis on Empirical Study*

## 5.3 Data Collection, Questionnaire Usability, and Respondent Profile

Four hundred and forty three surveys, consisting of the GAP, stigma, product/service preference ranking scale, and a series of demographics questions were administered.

### *5.3.1 Strata defined*

As mentioned in Chapter 5, prior to collecting the data, strata were purposively decided in order to obtain a stratified sample. Cultural differences in consumer behavior (Klein et al., 1998) are reflected in cultural variations in COO effects (Guerhan-Canli & Maheswaran, 2000). Bozell-Gallup (1996) found that considerable differences in perceptions of COO effects exist across countries. Researchers acknowledge the difficulty of adequately selecting representatives with central tendencies of particular nations, but tracing attitudinal differences among different nationalities residing with the same country should be encouraged as any differences traced would offer stronger evidence of the impact of cultural traits (Sekaran, 1983). Previous studies as well as Australia's diverse ethnic composition of population are valuable in a sense that they guide the researcher to choose samples more purposefully and combine various sets of data more meaningfully. Thus, based on Australia's population, the following strata were purposely decided upon: (1) Australians, (2) Americans, (3) Asians, (4) Europeans, and (5) other.

As reflected in Table 5-1, the population at a university in Queensland consists of 63.5% Australians, 16.9% Americans, 12.3% Asians, 6.5% Europeans, and 0.8% "Others".

*Table 5-1 Student Population at a university in Queensland*

| Culture | Frequency | Percentage |
|---|---|---|
| Australian | 2337 | 63.5 |
| American | 620 | 16.9 |
| Asian | 454 | 12.3 |
| European | 239 | 6.5 |
| Other | 29 | .8 |
| Total | 3679 | 100 |

## 5.4 Sample Profile

As already mentioned in Chapter 4 the response rate for all questionnaires was 93.6 percent. This inordinately high response rate can be explained in part by the fact that students received extra credit upon participation. However, upon review of the surveys it was determined that 443 surveys were usable for statistical analysis. Forty eight questionnaires were eliminated due to incompleteness and eight were eliminated due to extremeness (Nunnally, 1970): participants answered scales one through five in straight order throughout the questionnaire, thus indicating that they did not review the values prior to responding. Consistent with the student population at the study university, the effective sample is shown in Table 5-2.

*Table 5-2 Purposive Stratified Sample*

| Culture | Frequency | Percentage |
|---|---|---|
| Australian | 281 | 63.4 |
| American | 75 | 16.9 |
| Asian | 54 | 12.2 |
| European | 29 | 6.5 |
| Other | 4 | 0.9 |
| Total | 443 | 100 |

### *5.4.1 Demographic Analysis of Sample*

This section provides information concerning the participants' demographic background. Table 5-3 presents the descriptive analysis for the entire sample characteristics. The sample comprised 179 male (40.4%) and 264 female (59.6%) participants, ranging in age from 18 to 29 years with an average age of 20 years. The overall ratio of male versus female respondents was consistent with the percentage of female students at the university, as the percentage of female students is slightly higher than the male counterparts at this particular institution. The Australian respondents had the lowest mean age of 19.6 years which is not surprising as they finish high school when they are 17 to 18 years old and they tend to enroll in core subjects (where the researcher handed out the surveys) at the beginning of their university education. The Europeans and Americans appear to have more students who are older than 21 years of age. This would be in line with previous research as Europeans tend to finish high school later and Americans tend to enroll in an exchange semester towards the end of their university degrees.

Referring to Table 5-3, the majority of respondents visited more than three countries and lived between 3 to 6 months abroad (56.2%). Furthermore, the vast majority had not worked abroad (79.2 %) and had not participated in an exchange semester (73.1%) which could be expected considering that the average age is 20 years and respondents are classified as undergraduate students. The sample consisted of 77% not majoring in International Business; 42% had taken one course with an international focus, and the majority of participants (60.3%) were hoping to enter an international career.

*Table 5-3 Sample Characteristics*

| **Variables** | | **Percentage of total sample** |
|---|---|---|
| Gender | Male | 40.4 |
| | Female | 59.6 |
| Age | 18 - 21 | 77.2 |
| | 22 - 25 | 20.3 |
| | 26 – 29 | 2.5 |
| Culture | American | 16.9 |
| | European | 6.5 |
| | Australian | 63.4 |
| | Asian | 12.2 |
| | Other | 0.9 |
| Number of Countries Traveled to | 1 | 17.4 |
| | 2 | 13.8 |
| | 3 - 5 | 26.0 |
| | 6 - 8 | 14.4 |

| Variables | | Percentage of total sample |
|---|---|---|
| | > 8 | 28.4 |
| Longest Time Worked/Studied in Different Country | 3 – 6 months | 56.2 |
| | 1 year | 16.5 |
| | 1 – 3 years | 14.0 |
| | 3 – 5 years | 5.9 |
| | > 5 years | 7.4 |
| Worked in Other Country | Yes | 20.8 |
| | No | 79.2 |
| Exchange Semester | Yes | 26.9 |
| | No | 73.1 |
| Studied International/Global Business at University | Yes | 23.0 |
| | No | 77.0 |
| Amount of International/Global Courses | 1 | 41.8 |
| | 2 | 20.5 |
| | 3 | 2.3 |
| | > 4 | 35.4 |
| Anticipation of International Career | Yes | 60.3 |
| | No | 39.7 |

*Note.* For reporting purposes, age was grouped into ranges (18 – 21, 22 – 25, and 26 – 29)

A presentation of the detailed sample characteristics and a break-down of the demographic profile by nationalities follows. Table 5-4 presents the descriptive analysis for sample characteristics by culture.

Table 5-4 Respondents' Demographic Profile by Culture

| **Variables** | | **Americans(%)** | **Europeans(%)** | **Australians(%)** | **Asians(%)** |
|---|---|---|---|---|---|
| Gender | Male | 54.7 | 41.1 | 37.7 | 37 |
| | Female | 45.3 | 58.6 | 62.3 | 63 |
| Age | 18 - 21 | 56 | 51.7 | 84.3 | 81.5 |
| | 22 - 25 | 40.1 | 48.2 | 12.7 | 35.7 |
| | 26 - 29 | 4.0 | - | 2.9 | - |
| Number of Countries Traveled to | 1 | 12 | - | 20.3 | 18.5 |
| | 2 | - | - | 15.7 | 29.6 |
| | 3 - 5 | 46.7 | 6.9 | 19.9 | 38.9 |
| | 6 - 8 | - | 17.2 | 13.9 | 9.3 |
| | > 8 | 22.7 | 75.9 | 30.2 | 3.7 |
| Longest Time Worked/Studied in Different Country | 3 – 6 months | 26.7 | 27.6 | 69.4 | 40.7 |
| | 1 year | 24 | 10.3 | 13.9 | 24.1 |
| | 1 – 3 years | 30.7 | 20.7 | 7.8 | 20.4 |
| | 3 – 5 years | 10.7 | 17.2 | 2.5 | 11.1 |
| | > 5 years | 8 | 24.1 | 6.4 | 3.7 |
| Worked in Other Country | Yes | 86.7 | 65.5 | 8.9 | 18.5 |
| | No | 13.3 | 34.5 | 91.1 | 81.5 |
| Exchange Semester | Yes | 86.7 | 65.5 | 8.9 | 18.5 |
| | No | 13.3 | 34.5 | 91.9 | 81.5 |
| Studied International/Global Business at University | Yes | 21.3 | 58.6 | 15.7 | 46.3 |
| | No | 78.7 | 41.4 | 84.3 | 53.7 |
| Amount of International/Global | 1 | - | 6.9 | 58.7 | 29.6 |
| | 2 | 33.3 | 13.8 | 18.5 | 16.7 |

| Variables | | Americans(%) | Europeans(%) | Australians(%) | Asians(%) |
|---|---|---|---|---|---|
| Courses | 3 | - | 24.1 | 0.7 | 1.9 |
| | > 4 | 66.7 | 52.2 | 22.1 | 51.9 |
| Anticipation of International Career | Yes | 69.3 | 62.1 | 60.9 | 46.3 |
| | No | 30.7 | 37.9 | 39.1 | 53.7 |

*Note*. For reporting purposes, age was grouped into ranges (18 – 21, 22 – 25, and 26 – 29)

There are some modest differences in demographic profiles of the respondents across nationalities with regard to age, number of countries travelled to, longest time in a different country, worked in another country, exchange semester, studied international business at university, and number of international courses, whereas anticipation of international career showed no significant difference across nationalities. Additionally, it is interesting to note that the Australian strata as well as the Asian strata had a higher share of female respondents (62.3 % and 63 % respectively). Thus, despite the overall sex ratio is this study being consistent with population statistics; a slight gender bias could be present for the Australian and Asian strata.

Furthermore, respondents were also asked if they had spent any extended time period outside their home country and how much traveling they had done. European respondents were more likely to travel to more countries than Asian respondents, which again is not surprising considering that Europeans can travel and visit neighboring countries with ease. Additionally, Europeans spend the longest time living, working, or studying in a different country, compared to Australian respondents that spend the least amount of time abroad. Considering that the majority of American colleges offer an abundance of international business courses and promote exchange semesters (Rubash, 2006), and some respondents are currently on an exchange semester, it is not surprising that most American students indicated that they had participated in an exchange semester, studied international business at university and completed on average up to four courses compared to their Australian counterparts.

### 5.5 Global Awareness Profile

The GAP is a self-scoring inventory that gives participants a graphic representation of their global awareness. It presents 126 questions based on common knowledge in six geographic regions (Asia, Africa, North America, South America, the Middle East and Europe) and six subject areas (environment, politics, geography, religion, socioeconomics and culture) (Corbitt, 1998). The global awareness scores for the entire sample are presented in Table 5-5. The actual range of the GAP was 22 to 104 with a perfect score being 120. The mean of the sample was 52 points. It is interesting to note the GAP results by culture (see Table 5-6) are consistent with previous research. Europeans had the highest average of 72 points, outperforming the other nationalities, and leaving a big gap between the next nationalities, which are Australians, with an average score of 53 points, Americans with an average of 48 points while Asians performed the weakest with an average of 45 points, meaning both nationalities (Americans and Asians) would have "failed" the GAP test, scoring below 50 percent (48 and 45 respectively).

*Table 5-5 Overview of Global Awareness Profile*

| Dimension | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|
| Self-Assessment | 10 | 90 | 49.32 | 15.5 |
| Asia | 2 | 17 | 8.3 | 3.196 |
| Africa | 2 | 16 | 6.91 | 2.882 |
| North America | 0 | 17 | 8.44 | 2.765 |
| South America | 1 | 17 | 7.64 | 2.728 |
| Middle East | 0 | 17 | 7.99 | 3.172 |
| Europe | 1 | 17 | 7.31 | 2.967 |
| Environment | 2 | 17 | 9.64 | 2.771 |
| Politics | 0 | 16 | 6.66 | 2.720 |
| Geography | 1 | 18 | 7.23 | 2.986 |
| Religion | 1 | 17 | 7.91 | 3.307 |
| Socioeconomic | 1 | 16 | 6.69 | 2.767 |
| Culture | 0 | 18 | 8.14 | 3.265 |
| Total Score | 22 | 104 | 52.17 | 14.410 |

*Table 5-6 Overview of Global Awareness Profile by Culture*

| Dimension | Americans | | Europeans | | Australians | | Asians | |
|---|---|---|---|---|---|---|---|---|
| | Mean | Std. Deviation | Mean | Std. Deviation | Mean | Std. Deviation | Mean | Std. Deviation |
| Self Assessment | 47.5 | 13.058 | 61.72 | 15.600 | 49.25 | 16.029 | 45.56 | 13.270 |
| Environment | 9.59 | 2.697 | 11.17 | 2.001 | 9.78 | 2.607 | 8.13 | 3.331 |
| Political | 7.95 | 1.700 | 9.10 | 2.992 | 6.20 | 2.776 | 5.87 | 1.904 |
| Geographic | 6.67 | 1.891 | 11.86 | 3.226 | 7.04 | 2.952 | 6.44 | 2.062 |
| Religion | 6.25 | 2.461 | 10.03 | 2.884 | 8.28 | 3.395 | 7.00 | 2.920 |
| Socioeconomic | 6.35 | 2.102 | 9.97 | 2.771 | 6.72 | 2.582 | 5.19 | 3.090 |
| Culture | 6.00 | 2.131 | 11.79 | 3.222 | 8.54 | 3.226 | 7.00 | 2.395 |
| Global | 5.13 | 1.234 | 7.69 | 1.815 | 5.75 | 2.010 | 4.83 | 1.788 |
| Asia | 6.32 | 2.279 | 11.69 | 3.152 | 8.36 | 3.175 | 8.87 | 2.458 |
| Africa | 5.35 | 1.697 | 8.38 | 2.945 | 7.40 | 2.879 | 5.65 | 2.849 |
| North America | 10.61 | 2.026 | 10.62 | 3.343 | 7.91 | 2.327 | 6.96 | 3.138 |
| South America | 8.07 | 2.158 | 11.00 | 2.940 | 7.39 | 2.570 | 6.43 | 2.682 |
| Middle East | 6.00 | 2.150 | 10.62 | 2.770 | 8.38 | 3.259 | 7.19 | 2.216 |
| Europe | 6.61 | 2.174 | 12.38 | 3.427 | 7.35 | 2.746 | 5.26 | 1.169 |
| TOTAL score | 48.09 | 8.667 | 71.69 | 16.791 | 52.53 | 14.053 | 44.93 | 11.019 |

*Note*. highest possible TOTAL score = 126; highest score for each dimension = 18

## 5.6 Psychometric Issues

To improve the quality of the statistical analysis, a detailed analysis of the specific psychometric issues was included in the study. This analysis was done to improve reliability, validity, and reduce bias and error. Initially, the four major forms of validity or measurement accuracy are discussed. These four major forms include statistical conclusion validity, construct validity, internal validity, and external validity (Cook & Campbell 1979; Grimm & Yarnold 1995, 2000; Hair, Anderson, Tatham, & William, 1998). Each form of validity can be broken down and discussed in relation to specific issues that, when addressed correctly, reduce different types of measurement error.

### *5.6.1 Statistical Conclusion Validity*

Statistical conclusion validity refers to the validity of inferences about the correlation (co-variation) between treatment and outcome, thus, whether the presumed cause and effect co-vary, and if so, how strongly they co-vary (Cook & Campbell, 2002). Therefore, statistical conclusion validity refers to the degree to which one's analysis allows one to make the correct decision regarding the truth or approximate truth of the null hypothesis. Common threats to statistical conclusion validity include fishing and the error rate problem (i.e., numerous statistical tests are performed on the same set of data), mushrooming Type 1 error for the entire set of tests and clearly exceeding $\alpha$. Additional threats are represented by distortions of Type 1 errors when certain kinds of statistical assumptions are violated (Judd, McClelland, & Culhane, 1995). Failure to meet assumptions of statistical tests can be particularly lethal when the assumptions of independence are violated. Low power, the probability of rejecting a false null hypothesis, poses another threat to statistical conclusion validity. Improving statistical conclusion validity is under the control of the research during the design stage of the study (Farley, Lehmann, & Sawyer 1995). Therefore, researchers ensure they test all assumptions and conduct a power analysis, prior to hypotheses testing.

Sawyer and Ball (1981) have suggested that effect and sample size are most important in building statistical power and thus improving statistical conclusion validity. Specifically, power should exceed .80 given a Type I-error probability of 5%. Using the method discussed by Kraemer and Thiemann (1987), it was determined that a sample of at least 180 would be needed for significant statistical power.

### *5.6.2 Construct Validity*

Construct validity refers to the degree to which inferences can legitimately be made from the operationalizations of the study to the theoretical constructs on which those operationalizations were based. Threats to construct validity can arise from the choice of treatment (the operationalization of the independent variable, and the administration of the treatment), and the choice of outcome measure (the operationalization of the dependent variable, and the administration of the measurement). Thus, a researcher must be sure that measures/items are convergent (correlate with the other items within the construct) and are discriminant (do not correlate with items in another construct) (Campbell & Fisk 1959). The goal is to develop unidimensional scales. The most common method is through CFA (Gerbing & Anderson 1988). The dependent variable is the main study of service preference, using a ranking scale. It is not necessary to perform CFA on the product and service preference scale because it is a ranking scale.

Stigma of services was measured using the Bogardus social distance scale. The five items were subjected to a nonlinear principal component analysis (Gifi, 1990), which provides so-called optimal scores for both the item categories and for each observation. Standard principal components analysis assumes linear relationships between numeric variables, whereas the optimal-scaling approach allows variables to be scaled at different levels. Optimal scores for the categories are computed in such a way as to maximize the internal consistency of the instrument, thereby maximizing the correlation of each item with the vector of the object scores. Consistent with previous studies (Dietrich, Matschinger, & Angermeyer, 2009), the first factor derived from the principal component analysis has an Eigenvalue of 4.01. All other factors have Eigenvalues below 0.40, indicating the unidimensionality of the scale. The object score of the first axis is used as an indicator for social distance. High scores indicate a desire for greater social distance. The reliability of the scale is assessed by means of Cronbach's alpha with a value of 0.90.

Another independent variable is the GAP, which has been extensively used by academics, cross-cultural trainers, educators, business persons, and individuals (Corbitt, 1998) alike. Consistently updated, the GAP was tested using face and content evaluation, and retested to validate the instrument and check for reliability. The GAP was subject to CFA. Prior to performing CFA, the suitability of data for factor analysis was assessed. Inspection of the correlation matrix revealed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Oklin value was .68, exceeding the recommended value of 0.6 (Kaiser, 1970, 1974). Also, Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance, supporting the factorability of the correlation matrix. CFA revealed the presence of one component, with an Eigenvalue exceeding 1, explaining 57.9 percent of the variance. Additionally, an inspection of the scree plot (Cattell, 1966) revealed a clear break after the first component. According to Paige, Stallman, Horn, La Brack, and Josic (2007), one study by Corbitt (1998) reported a satisfactory test-retest reliability coefficient (0.83), thus providing evidence of the instrument's validity by showing that the GAP was able to discriminate between individuals who had and had not studied abroad. In the current study, Cronbach's alpha coefficient was 0.93.

### *5.6.3 Internal Validity*

As developed by Campbell (1957), Cook and Campbell (1979), and with minor changes in Cook, and Campbell (2002), there are four components of validity, which include (a) internal validity, (b) statistical conclusion validity, (c) construct validity, and (d) external validity. In particular, internal validity is the validity of inferences when a researcher examines the question of whether the independent variable causes the expected corresponding change in the dependent variable (Yang & Miller, 2000). Campbell (1986) proposed relabeling internal validity as local molar causal validity. Local, because it emphasizes that causal conclusions that are limited to the particular context and experiment, and molar, because it recognizes the causal effect being assigned to the whole molar package, meaning complex package consisting of many components. Threats to internal validity, thus reasons why inferences that the relationship between two variables is causal may be incorrect, include: maturation; instrumentation; and nonresponse (Isaac & Michaels, 1982).

Maturation threat is a threat to internal validity produced by internal (physical or psychological) changes in subjects. To reduce the impact of maturation in this study, data collection occurred on two different days to avoid fatigue.

Instrumentation threat is a threat produced by changes in the measurement instrument itself. For instance, researcher changes to the measuring instrument between pre- and post test, or a single measuring instrument is unreliable. In order to reduce the impact of instrumentation bias the method suggested by Churchill (1979) was employed and existing/proven scales were used.

Finally, nonresponse bias (i.e., bias related to differences in responses between the collected sample and those who elected not to respond) was tested using the method developed by Armstrong and Overton (1977) and found to not be a factor.

Additionally, history threat is a threat to internal validity in which an outside event or occurrence might have produced effects on the dependent variable. Since data collection took place on two different occasions, history threat needs to be taken into consideration. However, since the GAP is a snapshot of participants "awareness" and the second questionnaire examined attitude statements, it was decided that no outside event would have an effect on the dependent variables. Furthermore, the time of actual data collection for both questionnaires happened at the same time for every participant (during lecture time), meaning that the researcher ensured that the time of data collection would not influence the results.

### *5.6.4 External Validity*

External validity concerns inferences about the extent to which a causal relationship holds over variations in persons, settings, treatments, and outcomes (Cook, & Campbell, 2002), thus, the degree to which research findings can be generalized to a population (Calder, Phillips, & Tybout, 1982a). Cook and Campbell (2002) have emphasized that random sampling simplifies external validity inferences. The researcher deliberately chose the purposive stratified sampling method, which has two benefits for external validity. Firstly, it allows interaction tests between the casual relationship and the 'purposively' chosen variable (e.g., nationality, culture), because "if an interaction is detected, this is prima facie evidence of limited external validity" (Shadish, Cook, & Campbell, 2002, p. 92). Second, purposive sampling has the benefit of being very practical compared to random sampling. Additionally, to improve external validity both surveys were pretested and participants were selected at random. The validity of the use of student participants has been under scrutiny in many social science disciplines, including management (e.g., Dobbins, Lane, & Steiner, 1988), and thus, might pose a limitation to the external validity in this study. However external validity is almost always a concern with any empirical study since one seldom has representative samples, thus, researcher is aware of this limitation but in the final analysis it is a matter of a research question-design fit. Furthermore, researcher follows Bello et al. (2009) outline on legitimization of student samples (see 4.13.3).

## 5.7 Descriptive Statistics

### *5.7.1 Stigma – Social Distance Scale*

Social distance from American, Chinese, German, Australian, Japanese, and French products, services and companies was assessed with the Social Distance Scale (Link, Phelan, Bresnahan, Stueve, & Pescosolido, 1999; Penn et al., 1994). The scale comprises five items for products and services (e.g., "I would willingly have COO products/services excluded from my country entirely", "I would willingly have COO products/services being available in my country", "I would willingly have COO products/services being available in my state", "I would willingly have COO products/services available in my local area", and "I would willingly have COO products/services bought for my family"). The Social Distance Scale is a cumulative scale because agreement with any item implies agreement with all preceding items. Therefore, a score of 1.0 for a group is taken to indicate no social distance, meaning higher scores represent greater desire to distance oneself from COO services.

### *5.7.2 Stigma and Services*

As shown in Table 5-7, USA received an overall mean social distance score of 1.83 with a spread of 1.23, a mean of 2.18 with a spread of 1.6 for Australia, a mean of 2.53 and a spread of 1.53 for Japan, a mean of 2.53 and spread of 1.48 for Germany, a mean of 2.83 and spread of 1.59 for France, and the highest mean of 3.2 and spread of 1.6 for China.

*Table 5-7 Stigma for Services*

| Country | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|
| USA | 1 | 5 | 1.83 | 1.231 |
| Australia | 1 | 5 | 2.18 | 1.652 |
| Japan | 1 | 5 | 2.53 | 1.525 |
| Germany | 1 | 5 | 2.53 | 1.485 |
| France | 1 | 5 | 2.83 | 1.586 |
| China | 1 | 5 | 3.20 | 1.609 |

*Note.* 1 = no social distance; 5 = excluded from country

## 5.8 Descriptive Statistics by Culture

After splitting the data set according to culture, it became evident that the social distance scores varied amongst Americans, Europeans, Australians, and Asians (see Table 5-8 to Table 5-11).

### *5.8.1 Americans*

The means, frequencies, and standard deviations of measures of Americans for services are summarized in Table 5-8.

*Table 5-8 Social Distance Ranking for Services by Americans*

| Country | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|
| USA | 1 | 5 | 1.39 | .943 |
| Germany | 1 | 5 | 2.92 | 1.412 |
| Japan | 1 | 5 | 3.03 | 1.708 |
| Australia | 1 | 5 | 3.17 | 1.735 |
| France | 1 | 5 | 3.56 | 1.338 |
| China | 1 | 5 | 3.79 | 1.527 |

*Note.* 1 = no social distance; 5 = excluded from country

Again, Americans indicated the lowest social distance to American services, mean of 1.39 and a small spread of .943. It is interesting to note that the second closest country in terms of social distance is Germany. However, German services have a mean score of almost 3, indicating that Americans, though it's the second closest score, only feel comfortable with having German services available in their state but not in the local area. Furthermore, Australian services received a mean of 3.17, indicating that Australian services are only welcome in their state. Overall, Americans appear to have a high social distance to foreign services in general. Americans indicate a high degree of social distance to French and Chinese services, with a mean of 3.56 and 3.79 respectively, indicating that Americans are accepting of these services being available in their country but not any closer with regards to social distance.

### *5.8.2 Europeans*

The means, frequencies, and standard deviations of measures of Europeans for services are summarized in Table 5-9.

*Table 5-9 Social Distance Ranking for Services by Europeans*

| Country | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|
| France | 1 | 5 | 1.28 | .841 |
| USA | 1 | 5 | 1.55 | .948 |
| Japan | 1 | 5 | 1.55 | .783 |
| Australia | 1 | 5 | 1.59 | .983 |
| Germany | 1 | 5 | 1.90 | 1.372 |
| China | 1 | 5 | 2.97 | 1.842 |

*Note.* 1 = no social distance; 5 = excluded from country

As shown in Table 5-9, French services have the smallest social distance score with a mean of 1.28 and spread of .841 for Europeans. German services have a higher degree of social distance for Europeans with a mean of 1.9 and spread of 1.37. Again, Chinese services have the highest social distance score with a mean of 2.97 and spread of 1.84, indicating that Europeans only seem to be comfortable with Chinese services being available in their state but not in their local area or being bought by family members.

### *5.8.3 Australians*

The means, frequencies, and standard deviations of measures of Australians for services are summarized in Table 5-10.

*Table 5-10 Social Distance Ranking for Services by Australians*

| Country | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|
| Australia | 1 | 5 | 1.73 | 1.460 |
| USA | 1 | 5 | 1.94 | 1.343 |
| Germany | 1 | 5 | 2.51 | 1.559 |
| Japan | 1 | 5 | 2.61 | 1.543 |
| France | 1 | 5 | 2.78 | 1.693 |
| China | 1 | 5 | 3.16 | 1.543 |

*Note*. 1 = no social distance; 5 = excluded from country

As revealed in Table 5-10, Australians have the lowest social distance mean for Australian services (mean of 1.73 and spread of 1.46), followed by American services with a mean of 1.94 and a spread of 1.34. French and Chinese services have the highest social distance means with 2.78 (an increase of 11.6 percent) and 3.16 (an increase of 7.6 percent) respectively.

### ***5.8.4*** Asians

The means, frequencies, and standard deviations of measures of Asians for services are summarized in Table 5-11.

*Table 5-11 Social Distance Ranking for Services by Asians*

| Country | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|
| Japan | 1 | 5 | 1.89 | .945 |
| USA | 1 | 5 | 2.07 | .949 |
| Germany | 1 | 5 | 2.41 | 1.073 |
| China | 1 | 5 | 2.63 | 1.741 |
| France | 1 | 5 | 2.96 | .846 |
| Australia | 1 | 5 | 3.44 | 1.513 |

*Note*. 1 = no social distance; 5 = excluded from country

As shown in Table 5-11, Asians seem to feel most comfortable with Japanese services (mean of 1.89 and minimal spread of .945). Furthermore, Asians appear to have a low social distance towards American services) mean of 2.07 and spread of .949), while German services have a social distance mean of 2.41. Chinese services have a social distance mean of 2.63 and spread of 1.74, whereas French and Australian services have the highest social distance means of 2.96 and 3.44 respectively. The interpretation of Bogardus's social distance scale is as follows: Asians are comfortable with having French services available in their state but not in their local area or bought by family members, whereas Asians accept Australians service as being available in their country but not in their state, local area or being bought by family members.

### 5.9 Service Preference Rankings

Respondents were instructed to rank the different countries under the assumption that services originating from them had similar attributes or features and were sold at the same price (1 = *the most preferred COO* and 6 = *the least preferred COO* for the specific service). Thus, each respondent performed eight country rankings (one for each service category); the schedule of countries was varied to avoid response bias on items appearing first or last. Preference rankings were chosen over ratings, because current methodological evidence reviewed by Krosnick (1999) suggests that rankings "yield higher quality data" and "manifest higher discriminant validity" (p. 554) when evaluating a series of objects on a single scale. The use of rankings is consistent with recommendations in the COO literature that "where feasible, the dependent variable measures should be choice or simulations of choice" (Liefeld, 1993, p. 147).

It is not necessary to perform confirmatory factor analysis on the product and service preference scale because it is a ranking scale. To obtain a preliminary picture of consumer preferences for domestic and foreign products, the frequencies of their *first* choices for each product category were calculated (see Table 5-12).

*Table 5-12 First Choice by Country - Service*

| Services | USA | China | Germany | Japan | Australia | France |
|---|---|---|---|---|---|---|
| Education | 198 | 14 | 50 | 36 | 140 | 28 |
| Medical | 158 | 12 | 64 | 10 | 248 | 45 |
| Legal | 269 | 6 | 50 | 14 | 197 | 29 |
| Advertising | 280 | 15 | 9 | 28 | 112 | 14 |
| Entertainment | 92 | 17 | 4 | 31 | 58 | 23 |
| Computer | 119 | 31 | 28 | 221 | 38 | 17 |
| Travel | 70 | 39 | 39 | 34 | 174 | 46 |
| Total | 1186 | 134 | 244 | 374 | 967 | 202 |
| Percentage | 38.3 % | 4.3 % | 7.9 % | 12.1 % | 31.2 % | 6.5 % |

The results show that 38.3 percent of respondents have USA as a first choice in *all* seven service categories; the next choices for services is Australia (31.2%), then Japan (12.1%), Germany (7.9%), France (6.5%) and again, China has the least with 4.3 percent.

To complement the above analysis, a frequency table was prepared indicating consumers' first choices by service category and COO.

*Table 5-13 First Choice by Country – Service*

| Country | Education % | Medical % | Legal % | Advertising % | Entertainment % | Computer % | Travel % |
|---|---|---|---|---|---|---|---|
| USA | 44.7 | 15.8 | 5.7 | 60.7 | 63.2 | 20.8 | 7.3 |
| China | 3.2 | 2.7 | 0.4 | 3.4 | 3.8 | 7.0 | 0.8 |
| Germany | 11.3 | 14.4 | 1.3 | 2.0 | 0.9 | 6.3 | 0.8 |
| Australia | 31.6 | 56.0 | 4.5 | 25.3 | 13.1 | 8.6 | 39.3 |
| Japan | 8.1 | 2.3 | 0.2 | 6.3 | 7.0 | 49.9 | 0.7 |
| France | 6.3 | 10.2 | 0.5 | 3.2 | 5.2 | 3.8 | 0.4 |

As shown in Table 5-13, USA is overwhelmingly the first choice in several service categories. In particular, the USA is the predominant choice for education services (44.7%), legal services (60.7%), advertising services (63.2%), and entertainment services (20.8%). With regards to medical and travel services, Australia appears to be the most preferred country with 56 percent and 39.3 percent respectively. The results show that 49.9 percent of respondents rated Japan as a first choice for computer/IT services; the second most common first choices for this particular service category after Japan was the USA (20.8%).

To complement the above analysis, a frequency table (see Table 5-14) was prepared indicating consumers' first choices by service category, COO, and culture.

*Table 5-14 First Choice of Services by Country and Culture*

| **Country** | **Americans** | **Europeans** | **Australians** | **Asians** |
|---|---|---|---|---|
| USA | 66.9 | 50.7 | 29.2 | 37.3 |
| China | 4.0 | 4.4 | 3.9 | 7.4 |
| Germany | 8.8 | 27.6 | 7.2 | 9.8 |
| Australia | 6.9 | 3.4 | 43.7 | 15.9 |
| Japan | 5.9 | 11.8 | 11.9 | 21.4 |
| France | 7.6 | 9.4 | 4.8 | 11.9 |

American participants placed USA services in first place (66.9%), leaving a big gap to the second most preferred country for Americans, Germany (8.8%). Whereas Europeans place German and French products as their most preferred COO for products, the majority of Europeans appear to prefer American services (50.7%), followed by German services (27.6%). Australians on the other hand continue to show strong domestic support with Australian services being the most preferred COO for services (43.7%), followed by American services (29.2%). Asians appear to prefer American services (37.3%), followed by Japanese services (21.4%) and Australian services (15.9%).

In summary, considering the dearth of information about the influence of COO and service, it becomes evident that participants' service perceptions vary across categories, and participants from certain countries have different perceptions about other countries.

## 5.10 Preliminary Data Analysis and Justification for Including Independent Variables

The Chi-Square test for independence was used as a preliminary test to examine the relationships between the categorical independent variables (gender and culture) and the dependent variables (preference ranking for service categories).

### *5.10.1 Gender Effect*

A number of significant relationships were found among gender related to service preference ranking. A brief overview of the significant associations between gender and respective service category follows.

#### *5.10.1.1* ***Education Services***

For education services, the Chi-square test for independence indicated a significant association between gender and the USA ($\chi^2$ (5, $n$ = 443) = 12.5, $p$ = .028, phi = .2), Germany ($\chi^2$ (5, $n$ = 443) = 39.7, $p$ < .001, phi = .3), Australia ($\chi^2$ (5, $n$ = 443) = 40.1, $p$ < .001, phi = .3), Japan ($\chi^2$ (5, $n$ = 443) = 14.5, $p$ = .013, phi = .2), and France ($\chi^2$ (5, $n$ = 443) = 38.7, $p$ < .001, phi = .3). China was the only country with no significant gender effect.

#### *5.10.1.2* ***Medical Services***

For medical services, the Chi-square test for independence indicated a significant association between gender and China ($\chi^2$ (5, $n$ = 443) = 16.5, $p$ = .005, phi = .2), Japan ($\chi^2$ (5, $n$ = 443) = 26.6, $p$ < .001, phi = .3), France ($\chi^2$ (5, $n$ = 443) = 43.7, $p$ < .001, phi = .3). There was no significant gender effect for the USA, Germany, and Australia.

#### *5.10.1.3* ***Legal Services***

For legal services, the Chi-square test for independence indicated a significant association between gender and the USA ($\chi^2$ (5, $n$ = 443) = 15.7, $p$ = .008, phi = .2), Germany ($\chi^2$ (5, $n$ = 443) = 21.7, $p$ = .001, phi = .3), Australia ($\chi^2$ (5, $n$ = 443) = 27.7, $p$ < .001, phi = .3). France ($\chi^2$ (5, $n$ = 443) = 23.0, $p$ < .001, phi = .3). There was no significant gender effect for China and Japan.

#### *5.10.1.4* ***Advertising Services***

For advertising services, the Chi-square test for independence indicated a significant association between gender and the USA ($\chi^2$ (5, $n$ = 443) = 17.1, $p$ = .004, phi = .2), China ($\chi^2$ (5, $n$ = 443) = 13.0, $p$ = .023, phi = .2), Germany ($\chi^2$ (5, $n$ = 443) = 17.4, $p$ = .004, phi = .2). France ($\chi^2$ (5, $n$ = 443) = 26.4, $p$ < .001, phi = .3). There was no significant gender effect for Australia and Japan.

#### *5.10.1.5* ***Entertainment Services***

For entertainment services, the Chi-square test for independence indicated a significant association between gender and the USA ($\chi^2$ (5, $n$ = 443) = 34.7, $p$ < .001, phi = .3), Germany ($\chi^2$ (5, $n$ = 443) = 31.9, $p$ <.001, phi = .3), Japan ($\chi^2$ (5, $n$ = 443) = 19.0, $p$ = .004, phi = .2). France ($\chi^2$ (5, $n$ = 443) = 27.4, $p$ < .001, phi = .3). There was no significant gender effect for China and Australia.

#### *5.10.1.6* ***Computer Services***

For computer services, the Chi-square test for independence indicated a significant association between gender and the USA ($\chi^2$ (5, $n$ = 443) = 27.5, $p$ < .001, phi = .3), Germany ($\chi^2$ (5, $n$ = 443) = 28.7, $p$ <.001, phi = .3), Australia ($\chi^2$ (5, $n$ = 443) = 33.9, $p$ < .001, phi = .3), Japan ($\chi^2$ (5, $n$ = 443) = 22.2, $p$ < .001, phi = .2), and France ($\chi^2$ (5, $n$ = 443) = 21.5, $p$ = .001, phi = .2). There was no significant gender effect for China.

#### *5.10.1.7* ***Travel Services***

For travel services, the Chi-square test for independence indicated a significant association between gender and the USA ($\chi^2$ (5, $n$ = 443) = 14.7, $p$ = .012, phi = .2), China ($\chi^2$ (5, $n$ = 443) = 17.3, $p$ =.008, phi = .2), Germany ($\chi^2$ (5, $n$ = 443) = 19.6, $p$ = .001, phi = .2), Australia ($\chi^2$ (5, $n$ = 443) = 21.9, $p$ = .001, phi = .2), and Japan ($\chi^2$ (5, $n$ = 443) = 12.8, $p$ = .025, phi = .2). There was no significant gender effect for France.

In conclusion, it was observed that gender has an effect on preference ranking of different services categories and therefore should be included in the logit model. Additionally, due to the cross-cultural nature of the study, culture was included in the final logit model as well.

### 5.11 Data Analysis of OLR and Results

The purpose of this study was to investigate participants' preference rankings of different service categories. The purpose was further divided into four objectives, with the first two being based on the hypotheses formulated in Chapter 3 and taken from the conceptual model. The first objective was to examine whether participants' GAP had an effect on service preference. The second objective was to investigate the relationships among stigmatization (Bogardus's social distance scale) and participants' service preference. The third objective was to examine the demographic factor of gender on service preference. The fourth objective was to investigate whether cultural difference (culture) has a differential effect on service preference. The data collected from the participants were analyzed using the SPSS 18th version. A multinomial logit regression was used to analyze the data and to test the hypotheses (see Figure 5-1).

*Table 5-15 Ordered Logit Analysis Standardized Estimates—USA*

| Variable | Education | Medical | Law | Advertising | Entertainment | IT | Transportation |
|---|---|---|---|---|---|---|---|
| BogardusS_USA = 1 | .336 | -.215 | 1.807** | -1.823** | -.765 | -.062 | -.015 |
| BogardusS_USA = 2 | 1.601** | 1.116* | 1.877** | -1.739** | .098 | .280 | -.427 |
| BogardusS_USA = 3 | .786 | 1.405* | 2.223** | -1.205* | -.286 | -.459 | .559 |
| BogardusS_USA = 4 | .815 | -.185 | 1.835** | -1.600** | -1.085 | -.548 | .436 |
| BogardusS_USA = 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | .016* | .019** | -.007 | .008 | .002 | -.018** | .005 |
| Gender (male=1) | -.435* | .258 | -.530** | -.283 | -.896** | -.218 | -.495** |
| Culture = 1 (American) | .694 | .345 | -.057 | -1.738 | .360 | .447 | .385 |
| Culture = 2 (European) | .816 | .809 | 2.161 | -1.600 | -.109 | .873 | .218 |
| Culture = 3 (Australian) | 1.461 | 1.777 | 1.775 | -.175 | .697 | 2.698** | 1.494 |
| Culture = 4 (Asian) | .707 | .127 | 2.071 | .354 | 1.019 | 2.707** | 1.838 |
| Culture = 5 (Other) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| -2LLn | 1102.58 | 1270.24 | 953.61 | 831.63 | 728.02 | 1041.26 | 1279.52 |
| $\chi^2$ | 49.935 | 92.523 | 79.247 | 58.417 | 41.910 | 104.950 | 56.947 |
| *Df* | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| $R^2$ | 10.7 | 18.8 | 6.8 | 12.4 | 9.6 | 22.2 | 12.2 |

*Note.* Bogardus = Social Distance Score with 1 = no social distance and 5 = exclude from my country

*$p \leq .05$. ** $p \leq .01$.

### *5.11.1 USA*

In the case of the USA, participants indicated no social distance towards American services in general. However, American law services tended to be in a higher preference category meaning that participants disliked this particular American service. Similarly, participants revealed that they felt comfortable having American services in their local area, the likelihood of these consumers being in a higher preference category increased for American education, medical, and law services, meaning they actually disliked these particular services, whereas they did prefer American advertising services. Interestingly, regardless of a participants' degree of social distance, participants appeared to prefer American advertising services, whereas in the case of American law services, even people with no social distance towards American services in general, appeared to dislike American law services. Furthermore, participants revealed that they felt comfortable having American services available in their local area as well as in their state, seemed to dislike American medical services

As for global awareness, for the USA it appears that being more globally aware increased the likelihood of being in a higher preference ranking category. This means the more a participant is globally aware, the more likely he/she is to dislike American education and medical services, while globally more aware participants appear to prefer American IT services.

As for gender, being male significantly reduced the likelihood of having a low preference ranking for American education, law, entertainment, and travel services, meaning males appeared to prefer these services compared to females.

While American services appear to be overwhelmingly the first choice in several service categories, being Australian and Asian increased the likelihood of being in a higher preference ranking category, meaning these particular nationalities disliked Australian IT services.

*Table 5-16 Ordered Logit Analysis Standardized Estimates - China*

| **Variable** | **Education** | **Medical** | **Law** | **Advertising** | **Entertainment** | **IT** | **Transportation** |
|---|---|---|---|---|---|---|---|
| BogardusS_China = 1 | -.376 | -.620* | .580* | .497* | -.699** | -.581* | .068 |
| BogardusS_China = 2 | .261 | .256 | 1.404** | 1.526** | .260 | -.732* | 1.004** |
| BogardusS_China = 3 | .104 | -.424 | .805 | .325 | .110 | -.590 | -.357 |
| BogardusS_China = 4 | .079 | -.629* | .385 | -.208 | -.428 | -.333 | .020 |
| BogardusS_China = 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | .039** | .027** | .022** | .025** | .005 | .002 | .001 |
| Gender (male=1) | .121 | -.639** | .365 | .532** | .078 | -.080 | .265 |
| Culture = 1 (American) | -.668 | .279 | .484 | .152 | -.511 | -.433 | .012 |
| Culture = 2 (European) | .468 | 1.654 | .706 | -.222 | -.232 | 1.426 | .088 |
| Culture = 3 (Australian) | -.737 | 1.051 | .437 | -.164 | -.824 | -.781 | -.149 |
| Culture = 4 (Asian) | -1.300 | -.301 | -.958 | -.916 | -1.780 | -.108 | -2.340* |
| Culture = 5 (Other) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| -2LLn | 989.58 | 938.06 | 873.93 | 1092.85 | 1169.72 | 1280.22 | 1259.67 |
| $\chi^2$ | 51.179 | 61.104 | 50.680 | 50.407 | 34.490 | 45.233 | 62.191 |
| *Df* | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| $R^2$ (%, Cox & Snell) | 10.9 | 12.9 | 10.9 | 10.8 | 8 | 10.2 | 4.3 |

*Note.* Bogardus = Social Distance Score with 1 = no social distance and 5 = exclude from my country

*$p \leq .05$. ** $p \leq .01$.

### *5.11.2 China*

When China is considered as the service offering country (see Table 5-16), the preferences for services varies across service categories; this is evident from the variation in $R^2$ values (ranging from a low of 4.3% (travel) to a high of 12.9% (medical).

Participants indicated no social distance towards Chinese services in general, but seem to prefer Chinese medical, entertainment, and IT services, while they disliked Chinese law and advertising services. Participants stated that they felt comfortable having Chinese services available in their local area, but appear to significantly dislike Chinese law, advertising, and travel services, while preferring Chinese IT services. Furthermore, participants with a fairly low tolerance for other Chinese services seem to prefer Chinese medical services.

For China, being more globally aware increased the likelihood of being in a higher preference ranking category, meaning the more a participant is globally aware, the more likely he/she is to dislike Chinese education, medical, law, and advertising services.

Gender made an impact in the service preferences in medical and advertising categories. Thus, being male significantly reduces the likelihood of having low preference rankings for medical services, meaning men do prefer Chinese medical services, while being male increases the likelihood of being in a higher preference ranking category for advertising services, meaning men significantly dislike Chinese advertising services.

Chinese services were among the least preferred, but results reveal that being Asian reduces the likelihood of being in a higher preference category.

*Table 5-17 Ordered Logit Analysis Standardized Estimates—Germany*

| **Variable** | **Education** | **Medical** | **Law** | **Advertising** | **Entertainment** | **IT** | **Transportation** |
|---|---|---|---|---|---|---|---|
| BogardusS_GER = 1 | .223 | -.327 | -.275 | -.274 | .112 | -.731* | .087 |
| BogardusS_GER = 2 | 1.237** | 1.885** | .190 | .545 | .805* | .297 | -.432 |
| BogardusS_GER = 3 | .906** | .600 | 1.053** | .001 | .912** | .353 | .762* |
| BogardusS_GER = 4 | .995** | 1.058** | .827* | .204 | .406 | -.394 | .224 |
| BogardusS_GER = 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | -.007 | -.015* | .003 | .004 | .015* | -.006 | .011 |
| Gender (male=1) | -.187 | -.039 | -.495** | -.543** | -.491* | -.296 | -.250 |
| Culture = 1 (American) | .924 | -.044 | -.327 | 2.166* | .029 | .248 | .465 |
| Culture = 2 (European) | -.368 | -1.568 | -2.776** | 1.055 | -1.475 | -.871 | -.249 |
| Culture = 3 (Australian) | .993 | .182 | -.501 | 2.633** | .217 | .482 | .145 |
| Culture = 4 (Asian) | .782 | -.301 | -1.132 | 2.597** | .125 | -.163 | 1.233 |
| Culture = 5 (Other) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| -2LLn | 1325.69 | 1222.26 | 1271.88 | 1259.02 | 1187.66 | 1235.18 | 1296.06 |
| $\chi^2$ | 45.476 | 96.646 | 86.462 | 43.590 | 41.935 | 55.106 | 35.377 |
| df | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| $R^2$ (%, Cox & Snell) | 9.8 | 19.6 | 17.7 | 9.4 | 9.6 | 12.3 | 7.8 |

*Note.* Bogardus = Social Distance Score with 1 = no social distance and 5 = exclude from my country

*$p \le .05$. ** $p \le .01$.

### *5.11.3 Germany*

When Germany is considered as the service offering country (see Table 5-17), again the preferences for services varies across service categories; this is evident from the variation in $R^2$ values (ranging from a low of 7.8% (travel services) to a high of 19.6% (medical).

With Germany being the COO, participants indicated feeling comfortable with German services available in their local area. Participants appeared to significantly dislike German education, medical, and entertainment services. Participants with a high degree of social distance towards German services seem to dislike German education, medical, law, entertainment and travel services, regardless of the degree of social distance.

In the case of Germany, it appears that while globally more aware participants prefer German services, they dislike German entertainment services. For Australia, participants with a high GAP total score seem to prefer Australian education, medical, and travel services.

Gender made an impact in the service preferences in entertainment, advertising and law. Thus, being male reduces the likelihood of being in preference ranking for German law, advertising, and entertainment services, thus implying that men significantly prefer these particular German services

When Germany is the COO, being European reduces the likelihood of being in a higher preference category, meaning Europeans seem to prefer German law services. Being American on the other side increases the likelihood of being in a higher preference category for advertising services, indicating that Americans dislike German advertising services as do the Australians and Asians.

*Table 5-18 Ordered Logit Analysis Standardized Estimates—Australia*

| Variable | Education | Medical | Law | Advertising | Entertainment | IT | Transportation |
|---|---|---|---|---|---|---|---|
| BogardusS_AUS = 1 | .120 | -.362 | -.343 | -.277 | .183 | -.198 | -1.419** |
| BogardusS_AUS = 2 | 1.434** | .718 | -.668 | -.010 | .269 | -.177 | -1.488** |
| BogardusS_AUS = 3 | .741 | .279 | .864 | .135 | .024 | -.010 | -.389 |
| BogardusS_AUS = 4 | .132 | -1.461** | -.489 | .239 | .683* | .327 | -1.124** |
| BogardusS_AUS = 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | -.015* | -.018* | .003 | -.003 | -.004 | -.003 | -.023** |
| Gender (female=0) | .426* | .281 | .639** | -.130 | .106 | .257 | -.068 |
| Culture = 1 (American) | .696 | .724 | .468 | -.312 | 1.005 | -1.437 | .083 |
| Culture = 2 (European) | 2.558* | 2.503* | 1.248 | .549 | 1.977* | -.640 | 1.289 |
| Culture = 3 (Australian) | -.332 | -1.470 | -1.085 | -1.371 | .028 | -2.188* | -1.055 |
| Culture = 4 (Asian) | .191 | .968 | -.103 | -.472 | .797 | -1.238 | .540 |
| Culture = 5 (Other) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| -2LLn | 1052.88 | 866.72 | 1050.71 | 1216.85 | 1225.307 | 1234.907 | 1125.931 |
| $\chi^2$ | 113.883 | 180.465 | 103.642 | 62.289 | 52.843 | 47.433 | 134.899 |
| *df* | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| $R^2$ (%, Cox & Snell) | 22.7 | 33.5 | 20.9 | 13.1 | 12.0 | 10.7 | 26.6 |

*Note.* Bogardus = Social Distance Score with 1 = no social distance and 5 = exclude from my country

*$p \leq .05$. ** $p \leq .01$.

### *5.11.4 Australia*

When Australia is considered as the service offering country (Table 5-18), again the preferences for services vary across service categories; this is evident from the variation in $R^2$ values (ranging from a low of 10.7% (IT services) to a high of 33.5% (medical services).

When Australia is the COO, participants with no social distance towards Australian services in general appear to strongly prefer Australian travel services. However, participants that feel comfortable having Australian services in their local area, appear to dislike Australian education services but prefer their travel services. Moreover, participants with a high degree of social distance appear to prefer Australian medical and travel services but dislike Australian entertainment services.

For Australia, participants with a high GAP total score seem to prefer Australian education, medical, and travel services.

Gender made an impact in the service preferences in education and law; it appears that being female increases the likelihood of being in a higher preference category for Australian law services, meaning females significantly dislike Australian law services.

In the case of Australia, being European increases the likelihood of being in a higher preference category for Australian education, medical, and entertainment services, meaning Europeans shy away from these particular Australian services. Australians on the other hand do prefer their own IT services

*Table 5-19 Ordered Logit Analysis Standardized Estimates—Japan*

| Variable | Education | Medical | Law | Advertising | Entertainment | IT | Transportation |
|---|---|---|---|---|---|---|---|
| BogardusS_JP = 1 | -.784** | -1.171** | -.944** | -1.016** | -.622* | -.308 | -.641* |
| BogardusS_JP = 2 | .129 | -2.004** | -.304 | -.813** | -.347 | -.515 | -.272 |
| BogardusS_JP = 3 | -1.481** | -1.685** | -.408 | -.323 | -1.025 | 1.062** | -1.001** |
| BogardusS_JP = 4 | .387 | .207 | -.033 | -.495 | .072 | .238 | -.614* |
| BogardusS_JP = 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | -.004 | .000 | .011 | -.017* | -.032** | -.005* | -.003 |
| Gender (male=1) | .205 | -.785** | -.187 | .007 | -.256 | -.030 | .473** |
| Culture = 1 (American) | .127 | .396 | .517 | .597 | -1.328 | .407 | -2.240* |
| Culture = 2 (European) | 1.054 | 1.823 | 1.882 | 1.438 | -.409 | .470 | -1.138 |
| Culture = 3 (Australian) | .401 | .813 | .939 | .429 | -1.347 | -.586 | -2.452* |
| Culture = 4 (Asian) | -.072 | .318 | .228 | -1.115 | -2.061* | -.683 | -2.452* |
| Culture = 5 (Other) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| -2LLn | 1262.91 | 1166.63 | 1074.30 | 1274.25 | 1306.54 | 1055.80 | 1375.67 |
| $\chi^2$ | 42.892 | 91.092 | 36.179 | 67.033 | 51.042 | 46.936 | 35.146 |
| *df* | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| $R^2$ (%, Cox & Snell) | 9.2 | 18.6 | 7.8 | 14.1 | 11.5 | 10.6 | 7.7 |

*Note.* Bogardus = Social Distance Score with 1 = no social distance and 5 = exclude from my country

*$p \leq .05$. ** $p \leq .01$.

### *5.11.5 Japan*

When Japan is considered as the service offering country (see Table 5-19), the preferences for services varies across service categories; this is evident from the variation in $R^2$ values (ranging from a low of 7.7% (travel services) to a high of 18.1% (medical).

In the case of Japan, participants having no degree of social distance towards Japanese services, appear to prefer Japanese education, medical, law, advertising, entertainment, and travel services. Participants with slightly higher degrees of social distance strongly prefer Japanese medical and advertising services. By further increasing social distance scores towards Japanese services, participants appear to prefer Japanese education, medical, and travel services, whereas they dislike Japanese IT services. Travel service is the only service category that is still significantly preferred despite a very high degree of social distance.

The global awareness score made an impact in the service preferences in advertising, entertainment and IT services. Thus, for Japanese services, the more a participant is globally aware, the more they appear to prefer Japanese advertising, entertainment, and IT services.

Gender made an impact in the service preferences of medical and transportation. Being male reduces the likelihood of being in a higher preference ranking, meaning men prefer Japanese medical services, while men dislike Japanese travel services as the likelihood increases of being in a higher preference ranking.

In the case of Japan, being Asian reduces the likelihood of being in a higher preference category for Japanese entertainment and travel services, meaning Asians prefer these particular Japanese services. Even Americans and Australians appear to prefer Japanese travel services.

*Table 5-20 Ordered Logit Analysis Standardized Estimates—France*

| **Variable** | **Education** | **Medical** | **Law** | **Advertising** | **Entertainment** | **IT** | **Transportation** |
|---|---|---|---|---|---|---|---|
| BogardusS_FRA = 1 | -.837** | -.285 | .017 | -.267 | .257 | .302 | -.100 |
| BogardusS_FRA = 2 | -.389 | -.884* | -.093 | -.401 | .490 | -.011 | .633 |
| BogardusS_FRA = 3 | -.608 | .791 | 1.094** | .309 | -.112 | .120 | 1.165** |
| BogardusS_FRA = 4 | -.977** | -.284 | -.835** | -.168 | -1.153** | .171 | .463 |
| BogardusS_FRA = 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | -.016* | -.011 | -.007 | -.004 | .015* | .015 | .014* |
| Gender (male=1) | .951** | .826** | .903** | .443* | .758** | -.073 | .064 |
| Culture = 1 (American) | -1.952* | -.361 | -.279 | -1.895* | 1.060 | 1.551 | .452 |
| Culture = 2 (European) | -3.180** | -2.783** | -1.586 | -1.615 | .314 | -.260 | -.142 |
| Culture = 3 (Australian) | -1.791 | -1.246 | .260 | -1.299 | 1.788 | 2.197* | .907 |
| Culture = 4 (Asian) | -1.622 | -.234 | .284 | -.724 | 2.446* | 1.554 | -.431 |
| Culture = 5 (Other) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| -2LLn | 1289.30 | 1243.77 | 1220.18 | 1294.87 | 1178.38 | 952.32 | 1345.43 |
| $\chi^2$ | 78.844 | 115.073 | 96.687 | 27.362 | 95.772 | 48.956 | 32.429 |
| *df* | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| $R^2$ (%, Cox & Snell) | 5 | 22.9 | 19.6 | 6 | 20.6 | 11 | 7.2 |

*Note.* Bogardus = Social Distance Score with 1 = no social distance and 5 = exclude from my country

*$p \leq .05$. ** $p \leq .01$.

### *5.11.6 France*

When France is considered as the service offering country (see Table 5-20), the preferences for services varies across service categories; this is evident from the variation in $R^2$ values (ranging from a low of 5% (education services) to a high of 22.9% (medical services).

In the case of France being the COO, participants with no social distance towards French services, appear to prefer French education services. Similarly, participants with a slightly higher degree of social distance prefer French medical services. However, participants that only feel comfortable having French services available in their state strongly dislike French law and travel services. However, participants with a high degree of social distance reveal that they still prefer French education, law, and entertainment services.

The global awareness score made an impact in the service preferences in education, entertainment and transportation services. Thus, it appears that globally more aware participants seem to prefer French education services, whereas they seem to dislike French entertainment and travel services.

Gender made an impact in the service preferences in all but IT and transportation; being male increases the likelihood of being in a higher preference ranking category for French education, medical, law, advertising, and entertainment services, meaning men dislike these French service categories.

For France, being American reduces the likelihood of being in a higher preference category for French education and advertising services, meaning Americans appear to prefer these particular French services. Similarly, Europeans significantly prefer French education and medical services; whereas Australians dislike French IT services and Asians appear to dislike French entertainment services. Provided in Table 5-21 is a recapitulation of the results of the tested hypotheses.

*Table 5-21 Results of Hypotheses*

| Country | Hypotheses | Results | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | **Edu.** | **Med.** | **Law** | **Adv.** | **Ent.** | **IT** | **Travel** |
| USA | H: Preference rankings vary across service categories | | | | X | | | |
| | $H_{8b}$: Global Awareness has a positive effect on service preference | * | * | | | | X | |
| | $H_{11b}$: Stigma has a negative effect on service preferences | X | X | X | * | | | |
| | $H_{12}$: There is a gender differential effect on service preference | X | | X | | X | | X |
| | $H_{13}$: Culture has a differential effect on service preference | | | | | | X | |
| China | H: Preference rankings vary across service categories | | | | X | | | |
| | $H_{8b}$: Global Awareness has a positive effect on service preference | * | * | * | * | | | |
| | $H_{11b}$: Stigma has a negative effect on service preferences | | * | X | X | * | * | X |
| | $H_{12}$: There is a gender differential effect on service preference | | X | | X | | | |
| | $H_{13}$: Culture has a differential effect on service preference | | | | | | | X |
| Germany | H: Preference rankings vary across service categories | | | | X | | | |
| | $H_{8b}$: Global Awareness has a positive effect on service preference | | X | | | * | | |
| | $H_{11b}$: Stigma has a negative effect on service preferences | X | X | X | | X | * | X |
| | $H_{12}$: There is a gender differential effect on service preference | | | X | X | X | | |
| | $H_{13}$: Culture has a differential effect on service preference | | | X | X | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Australia | H: Preference rankings vary across service categories | | | | X | | | |
| | $H_{8b}$: Global Awareness has a positive effect on service preference | X | X | | | | | X |
| | $H_{11b}$: Stigma has a negative effect on service preferences | X | * | | | X | | * |
| | $H_{12}$: There is a gender differential effect on service preference | X | | X | | | | |
| | $H_{13}$: Culture has a differential effect on service preference | X | X | | | X | X | |
| Japan | H: Preference rankings vary across service categories | | | | X | | | |
| | $H_{8b}$: Global Awareness has a positive effect on service preference | | | | X | X | X | |
| | $H_{11b}$: Stigma has a negative effect on service preferences | * | * | * | * | * | X | * |
| | $H_{12}$: There is a gender differential effect on service preference | | X | | | | | X |
| | $H_{13}$: Culture has a differential effect on service preference | | | | | X | | X |
| France | H: Preference rankings vary across service categories | | | | X | | | |
| | $H_{8b}$: Global Awareness has a positive effect on service preference | X | | | | * | | |
| | $H_{11b}$: Stigma has a negative effect on service preferences | * | * | X | X | * | | X |
| | $H_{12}$: There is a gender differential effect on service preference | X | X | X | X | X | | |
| | $H_{13}$: Culture has a differential effect on service preference | X | X | | X | X | X | |

*Note.*

X = hypothesis supported

* = significant relationship but reversed direction

## 5.12 Summary of Findings

For participants' level of global awareness, the current study's results are consistent with previous research studies. Participants' level of global awareness affects services preferences; however, this is only true for some services and only for some countries. Table 5-22 provides an overview of participants' service preferences with increased global awareness.

*Table 5-22 Service Preference and Level of Global Awareness*

| **(+) Preference** | **(-) Preference** |
|---|---|
| IT (USA) | Education (USA) |
| Medical (Germany) | Medical (USA) |
| Education (AUS) | Education (China) |
| Medical (AUS) | Medical (China) |
| Travel (AUS) | Law (China) |
| Advertising (Japan) | Advertising (China) |
| Entertainment (Japan) | Entertainment (Germany) |
| IT (Japan) | Entertainment (France) |
| Education (France) | Travel (France) |

For participants' level of stigmatization, the hypothesized negative relationship direction was only partially supported. In summary, for those high in the degree of social distance towards a COO's services, it is not the service perceptions that lead to a lesser degree of preference of service from the target country, as apparently consumers are able to acknowledge the quality of a COO's particular service from a target country while expressing stigma toward services in general (e.g., USA and advertising services). However, it is also evident that for some services, the stigma that is attached to the COO's services in general overlaps and influences the perception of service quality because for some services, a high level of social distance (stigma) leads to low preference rankings (e.g., Germany and education services). Thus, for some COOs, the perception of a service is able to overshadow the stigma that is attached to the overall service perception from that country, whereas for others, the perception of the COO's service quality is totally related to stigma (see Table 5-23).

*Table 5-23 High level of Social Distance towards COO's services in general*

| (+) Preference | (-) Preference |
|---|---|
| Advertising (USA) | Law (USA) |
| | Education (Germany) |
| Medical (China) | Medical (Germany) |
| Medical (AUS) | Law (Germany) |
| Travel (AUS) | |
| Travel (Japan) | |
| Education (France) | |
| Law (France) | |
| Entertainment (France) | |

Moreover, findings reveal that despite a low degree of social distance towards a COO's services in general, participants have service specific perceptions, which can overshadow general service perceptions, leading to service specific preference or aversion (e.g., USA and law services) (see Table 5-24).

*Table 5-24 Low level of Social Distance towards COO's services in general*

| (+) Preference | (-) Preference |
|---|---|
| Advertising (USA) | Law (USA) |
| Medical (China) | Law (China) |
| Entertainment (China) | Advertising (China) |
| IT (China) | |
| IT (Germany) | |
| Travel (AUS) | |
| Education (Japan) | |
| Medical (Japan) | |
| Law (Japan) | |
| Advertising (Japan) | |

| | |
|---|---|
| Entertainment (Japan) | |
| Travel (Japan) | |
| Education (France) | |

As for participants' service preference ranking variations across service categories, every hypothesis (for each COO) was significant, supporting the fact that COO research applies to services as well as service categories.

Furthermore, consistent with previous research studies (Sherman, Clemenz, & Philipp, 2007) that men and women differ in their service preferences, gender was found to be significant but only for some service categories in particular countries. Table 5-25 and 5-26 provide an overview of significant service category preferences and dislikes for male and females respectively.

*Table 5-25 Service Preferences by Gender - Male*

| **(+) Preference** | **(-) Preference** |
|---|---|
| Education (USA) | Advertising (China) |
| Law (USA) | Travel (Japan) |
| Entertainment (USA) | Education (France) |
| Travel (USA) | Medical (France) |
| Medical (China) | Law (France) |
| Law (Germany) | Advertising (France) |
| Advertising (Germany) | Entertainment (France) |
| Entertainment (Germany) | |
| Medical (Japan) | |

*Table 5-26 Service Preferences by Gender - Female*

| **(+) Preference** | **(-) Preference** |
|---|---|
| | Education (Australia) |
| | Law (Australia) |

Finally, consistent with previous studies, that consumer's perception of what constitutes good service inevitably is culture bound (Zeithaml, Bitner, & Gremler, 1996), culture was found to significantly influence service preference for at least one service category for every considered COO. Table 5-27 depicts significant findings for cross-cultural service preference rankings.

Table 5-27 Cross Cultural Service Preference Rankings

| **Americans** | | **Europeans** | | **Australians** | | **Asians** | |
|---|---|---|---|---|---|---|---|
| (+) | (-) | (+) | (-) | (+) | (-) | (+) | (-) |
| Travel (JP) | Advertising (GER) | Law (GER) | Education (AUS) | IT (AUS) | IT (USA) | Travel (CHN) | IT (USA) |
| Advertising (FRA) | | Education (FRA) | Medical (AUS) | Travel (JP) | Advertising (GER) | Entertainment (JP) | Advertising (GER) |
| | | Medical (FRA) | Entertainment (AUS) | | IT (FRA) | Travel (JP) | Entertainment (FRA) |

*Note.* AUS = Australia, CHN = China, FRA = France, GER = Germany, JP = Japan, USA = United States of America.

## 5.13 Chapter Summary

Chapter 5 presented the analysis and results of the data. The dissertation embarked on exploring the construct of *stigma* and its effect on consumers' preference rankings across various services categories. The conceptual model proposed that (a) participants' total GAP has an effect on service preference, (b) stigma (Bogardus's social distance scale) has a negative effect on participants' service preferences, (c) gender has a differential effect on service preference, and (d) culture has a differential effect on service preference.

# 6. CHAPTER SIX
# DISCUSSION

## 6.1 Introduction

The purpose of this chapter is to summarize the findings, discuss theoretical, research, and managerial implications of the results, identify limitations in the research and provide recommendations for future research. The overall goals of this research, identified in Chapter 1 that were further narrowed down in Chapter 4, are reiterated. After setting out a conceptual framework in the first half of dissertation, the researcher further sought to find empirical support for the main research question of whether stigmatization influenced consumers' service preference formation and, if so, did they vary across service categories for different countries, were there cross-cultural differences and did consumer's global awareness have an impact on consumer's preference formation. Thus, the present study sought to examine whether participants' preferences were uniformly distributed across different service categories and different (specific) COOs, whether stigmatization could explain the presence of such bias, and whether participants' global awareness as well as gender affected stigmatization's power. In an attempt to offer an integrated treatment of stigmatization, global awareness, and the gender/ culture effect across different service categories, an ordered logit multinominal regression analysis was employed.

## 6.2 Summary of the Findings

Provided in Table 5-21 (p.176) is a recapitulation of the results of the hypotheses. A total of 89 hypotheses of the 174 hypotheses were found to be significant, however only 65 of the hypotheses were significant in the predicted correct direction. I found 24 relationships to be significant however the direction of the hypotheses were in the reverse of what was expected.

According to the findings (Chapter 5), the degree of stigmatization reflected in consumer preferences patterns varies between service categories; as well findings reveal variations across countries. Moreover, gender, culture, and global awareness are significant variables when analyzing foreign and domestic services in Australia. This dissertation is the first work to investigate "LOF" at the individual consumer level of analysis, as well as at the culture level (Americans, Europeans, Australians, and Asians).

The current study's results reveal significant support for the notion that the foreign status of a service has an effect on individual outcomes as reflected in consumer preference formation. Of particular importance is the degree of social distance consumers' are willing to accept for foreign products, services, and companies. For all the anti-Americanism that has coursed through Western Europe and the Islamic world, according to our results, the United States is overwhelmingly the first choice in several service categories and thus has remained the world's dominant power in the mind of the consumer, whereas countries such as China, despite being proclaimed as the latest world's number one economy, received the lowest preference ranking across diverse service categories, even among the Asian sample. What explains this apparent paradox? I believe the answer lies in stigmatization – a mark that is attached to being foreign and therefore links a product, service, or company to undesirable characteristics.

Descriptive statistics suggest that individuals experience different degrees of social distance towards products, services, and companies from different countries and to confuse things even more, there are variations within the same country. Furthermore, individuals from different cultures (Americans, Europeans, Australians, and Asians) appear to employ different norms of behavior with regards to social distance that are appropriate towards products, services, and companies of different countries.

The present empirical study focused on stigmatization and services and suggests the following generalizations:

1. Overall, participants; preference rankings for a particular COO, vary across service categories.
2. Individuals employ different weights for social distance in determining preference formations across different service categories from different countries of origin.
3. Individuals in different cultures employ different weights for social distance in determining preference formation across different service categories from different countries of origin.
4. The weights given to the degree of social distance are also determined by demographic characteristics of the subjects (gender).
5. The weights given to particular service preference formations are also determined by the level of global awareness of respective participants.

## 6.3 Preference Variations across Service Categories

It was hypothesized that preference ranking for services will vary depending on the specific service category involved. The results show that consumers changed their preference rankings across service categories for different countries of origin, which is evident from considerable variations in the Cox Snell $R^2$ values given to each COO. These results concur with previous studies investigating COO effects across product categories (Roth & Romeo 1992), disclosing that product category and COO interact with each other. As for services, previous studies have stated that customers' attitudes towards the outcome of the service and their ultimate satisfaction is highly dependent on the service provider (Bitner, 1990; Bitner, Booms, & Tetreault, 1990). Thus, the current findings suggest that COO effect variations hold up for service categories alike.

## 6.4 Stigma affects Service Preference Rankings

It was hypothesized that stigmatization, the degree of social distance, has a negative effect on service preference. According to the findings, consumers' service preferences vary across service categories for different countries and the degree of social distance towards a particular country seem to influence service preferences across service categories. However, the hypothesis did not hold for every service category and varied for specific COO, thus, the stigmatization influencing service preference was only partially supported. Furthermore, it was hypothesized that the relationship between stigmatization and service preference would be negative, meaning the greater the participants' social distance towards a COO's service; the fewer the participants who would prefer particular services from that COO. The negative relationship direction was only partially supported. In summary, for those participants with a high degree of social distance towards COO's services, it is not the service perceptions that lead to a lesser degree of preference of service from the target country, as apparently, consumers are able to acknowledge the quality of a COO's particular services from a target country while expressing stigma toward services in general in that country (e.g., USA and advertising services). However, it is also evident that for some services, the stigma that is attached to a COO's services in general overlaps and influences perception of service quality because for some services, a high level of social distance (stigma) leads to low preference rankings (e.g., Germany and education services). Thus, for some countries of origin, the perception of a service is able to overshadow the stigma that is attached to overall service perception form that country, whereas for others, the perception of a COO's service quality is adjusted to stigma. Furthermore, findings reveal that despite a low degree of social distance towards a COO's services in general, participants have service specific perceptions, which can overshadow general service perceptions, leading to service specific preference or aversion (e.g., USA and law services).

In particular, in case of the USA, some participants indicating no social distance towards American services in general, chose a higher preference category for American law services, meaning they disliked this particular American service. Similarly, for some participants who revealed that they felt comfortable having American services in their local area, chose a higher preference category for American education, medical, and law services, meaning they actually disliked these particular services, whereas they preferred American advertising services. Interestingly, regardless of a participants' degree of social distance, participants appeared to prefer American advertising services, whereas even people with no social distance towards American services in general, appeared to dislike American law services. Furthermore, participants revealed that even though they felt comfortable having American services available in their local area as well as in their state, they seemed to dislike American medical services.

In the case of China, participants indicating no social distance towards Chinese services in general, seemed to prefer Chinese medical, entertainment, and IT services, while they disliked Chinese law and advertising services. Participants stating that they felt comfortable having Chinese services available in their local area, appeared to significantly dislike Chinese law, advertising, and travel services, while preferring Chinese IT services. Furthermore, participants with a fairly low tolerance for Chinese services seem to prefer Chinese medical services.

With Germany being the COO, participants indicating feeling comfortable having German services available in their local area, appeared to significantly dislike German education, medical, and entertainment services. Participants with a high degree of social distance towards German services seemed to dislike German education, medical, law, entertainment and travel services, indicating that regardless of the degree of social distance, participants disliked these German services.

In the case of Australia, participants with no social distance towards

Australian services in general appeared to strongly prefer Australian travel services. However, participants that felt comfortable having Australian services in their local area, appeared to dislike Australian education services but preferred their travel services. Moreover, participants with a high degree of social distance appeared to prefer Australian medical and travel services but disliked Australian entertainment services.

In the case of Japan, participants denoting no degree of social distance towards Japanese services, appeared to prefer Japanese education, medical, law, advertising, entertainment, and travel services. Participants with a slightly higher degree of social distance strongly preferred Japanese medical and advertising services. By further increasing social distance scores towards Japanese services, participants appeared to prefer Japanese education, medical, and travel services, whereas they disliked Japanese IT services. Travel service was the only service category that was still significantly preferred despite a very high degree of social distance.

Finally, in the case of France being the COO, participants with no social distance towards French services, appeared to prefer French education services. Similarly, participants with a slightly higher degree of social distance towards French services, preferred French medical services. However, participants that only felt comfortable having French services available in their state strongly disliked French law and travel services. However, participants with a high degree of social distance revealed that they still preferred French education, law, and entertainment services. Apparently, consumers are able to acknowledge the quality of some particular service categories from a target country while expressing stigma toward respective COO's services in general, while for some countries the stigma attached to their service offerings is too strong and thus overlaps to specific service categories.

## 6.5 Global Awareness

Hypothesis 8b posited that participants' global awareness has a positive effect on service preference. The results revealed that global awareness was found to be significant for some service categories, but not for all service categories. Furthermore, it was hypothesized that the relationship between global awareness and service preference would be positive, meaning that the more a participant is globally aware, the more he/she is likely to prefer that particular service. Previous research studies revealed that consumers' cultivated openness to foreign cultures (globalized mind-sets) indirectly affected the reluctance to buy foreign products by decreasing the level of their ethnocentric tendencies (Suh & Kwon, 2002), whereas the stigma literature indicated that people's familiarity with persons with mental illness seems to be highly associated with attitudes about this group (Holmes et al., 1999; Link & Cullen, 1986; Penn et al., 1994). In particular, the stigma literature states that the more knowledge and experience people have with a stigmatized group, the less prejudicial attitudes people have toward them (Holmes et al., 1999).

Therefore, consistent with previous research studies, the participants' level of global awareness affects their services preferences, however, this is only true for some services and only for some countries, whereas for some service categories, it appears that the more a participant is globally aware, the less he/she will prefer that particular service from that country. Thus, the current studies produces mixed results as some findings are consistent with the literature while others are not.

For instance, for the USA it appears that being more globally aware increases the likelihood of being in a higher preference ranking category, meaning the more a participant is globally aware, the more likely he/she is to dislike American education and medical services, while globally more aware participants appear to prefer American IT services. For China, being more globally aware increases the likelihood of being in a higher preference ranking category, meaning the more a participant is globally aware, the more likely he/she is to dislike Chinese education, medical, law, and advertising services. In the case of Germany, it appears that while globally more aware participants prefer German services, they dislike German entertainment services. For Australia, participants with a high GAP total score seem to prefer Australian education, medical, and travel services. Similarly for Japanese services, the more a participant is globally aware, the more he/she appears to prefer Japanese advertising, entertainment, and IT services. Finally, in the case of France, it appears that more globally aware participants seem to prefer French education services, whereas they seem to dislike French entertainment and travel services.

## 6.6 Gender

It was expected that the covariate gender would be found to significantly contribute to consumers' service preference ranking (H12). Consistent with previous research studies (Sherman et al., 2007) that men and women differ in their service preferences, gender was found to be significant but only for some service categories in particular countries.

In the case of USA, being male significantly reduces the likelihood of having a low preference ranking for American education, law, entertainment, and travel services, meaning males appear to prefer these services compared to females. In China, being male significantly reduces the likelihood of having low preference rankings for medical services, meaning men prefer Chinese medical services, while being male increases the likelihood of being in a higher preference ranking category for advertising services, meaning men significantly dislike Chinese advertising services.

In the case of Germany, being male reduces the likelihood of being in a high preference ranking for German law, advertising, and entertainment services, thus implying that men significantly prefer these particular German services. For Australia, it appears that being female increases the likelihood of being in a higher preference category for Australian law services, meaning females significantly dislike Australian law services. In the case of Japan, the male gender made an impact in medical and transportation. Being male reduces the likelihood of being in a higher preference ranking, meaning men prefer Japanese medical services, while men dislike Japanese travel services as the likelihood of being in a higher preference ranking increases. Lastly, for France, being male increases the likelihood of being in a higher preference ranking category for French education, medical, law, advertising, and entertainment services, meaning men dislike these French services.

## 6.7 Cross-Cultural

The study also investigated whether the consumers' preference rankings for different service categories are the same or different across nationalities (Americans, Europeans, Australians, and Asians). Thus, it was hypothesized (H13) that for each COO, culture has a differential effect on service preference. Culture has a significant impact on the acceptability and adoption pattern of services and previous studies have investigated cultural differences and international business practices (e.g., Hofstede, 1984; Samiee, 1999). Consistent with previous studies, that consumer's perception of what constitutes good service is inevitably culture bound (Zeithaml & Bitner, 1996), and culture was found to significantly influence service preference for at least one service category for every considered COO. Thus, the behavioral norms and attitudes that reflect the consumer's ideal of quality service might be largely dependent on cultural orientation (Zeithaml & Bitner, 1996).

However, for some COO's service categories, culture was not significant with regards to service preferences (e.g., the USA and education), which is also consistent with previous research studies (Ford et al., 1993, 1999; Schlegelmilch et al., 1992;) that have stated that service marketers can anticipate that in many cases the concerns of consumers in other cultures will be similar to those in their home country and thus consumers' use similar factors when evaluating services.

In particular, while American services appear to be overwhelmingly the first choice in several service categories, being Australian and Asian increases the likelihood of being in a higher preference ranking category, meaning these particular nationalities dislike Australian IT services. Conversely, Chinese services were among the least preferred, but results reveal that being Asian reduces the likelihood of being in a higher preference category, meaning Asians appear to prefer Chinese travel services. When Germany is the COO, being European reduces the likelihood of being in a higher preference category, meaning for example that Europeans seem to prefer German law services. Being American on the other hand increases the likelihood of being in a higher preference category for advertising services, indicating that Americans dislike German advertising services as do the Australians and Asians. In the case of Australia, being European increases the likelihood of being in a higher preference category for Australian education, medical, and entertainment services, meaning Europeans shy away from these particular Australian services. Australians on the other hand prefer their own IT services. In the case of Japan, being Asian reduces the likelihood of being in a higher preference category for Japanese entertainment and travel services, meaning Asians prefer these particular Japanese services. Even Americans and Australians appear to prefer Japanese travel services. Lastly, for France, being American reduces the likelihood of being in a higher preference category for French education and advertising services, meaning Americans appear to prefer these particular French services. Similarly, Europeans significantly prefer French education and medical services; whereas Australians dislike French IT services and Asians appear to dislike French entertainment services.

## 6.8 Summary

In summary, the first objective of this research was to examine whether participants' preferences is uniformly distributed across different service categories. Results indicated that consumers' preference rankings did vary across services categories. This finding addresses the very essence of the second aim of this research, that is, to investigate whether stigmatization can explain the presence of such differences. The findings reveal that the degree of social distance does predict service preference rankings for some service categories and for some countries. In some cases, despite participants' stigma attached to COO services in general, participants still prefer COO specific service categories (e.g., the USA and advertising services), whereas for some service categories, the stigma that attached to COO's services in general, is so strong, that particular service categories are not preferred as a result of the stigma (e.g., Germany and education services). Overall, and despite the range of service categories investigated, stigmatization was found to explain only a relative small proportion of the variance in consumer preferences. Recall that the highest $R^2$ value produced by the ordered logit analysis came to 33.5 percent (for Australian medical services), and this included the impact of the sociodemographic variable, gender, and global awareness. Though the explanatory power of stigma might appear relative low, compared to Balabanis and Diamantopoulos's (2004) study, which examined consumer ethnocentrism as a predictor of consumer preferences resulting in explaining only up to 13 percent variance, the current study obtains higher explanatory power than the construct, consumer ethnocentrism, which has been extensively used in the marketing literature for several decades to explain consumer's aversion to foreign products and services. The third goal was to examine whether participants' global awareness influences participants' service preference. An important finding from this research is the inconsistency in which the level of global awareness predicts consumers' service preferences. The coefficients of determination differ for COO as well as service categories. This indicates that while the level of global awareness has explanatory power for some preference formation of some service categories, it is not consistent across all service categories. Furthermore, while being more globally aware might benefit some COO and specific service categories, it does not apply for other service categories, and essentially might even harm some COO's service categories. The fourth objective was to investigate whether gender has a differential effect on service preferences. The findings have indicated that gender has an effect on consumers' service preferences. Finally, this study is considered a cross-cultural study, and thus the final objective was to examine whether culture has a differential effect on service preference and as expected, the results support cross-cultural differences across service categories and countries of origin.

## 6.9 Theoretical and Managerial Implications

### *6.9.1 Theoretical*

The theoretical contributions to research include a better understanding of consumers' relative importance of COO of a product, service, and company when forming preferences. The findings of this dissertation provide a valuable theoretical contribution to the field of international marketing and management literature, consumer behavior, and LOF.

First, this dissertation includes a comprehensive examination of the combination of stigma, COO, and LOF, which is an under-researched area, by integrating stigma theory to a marketing issue, which essentially contributes to an understanding of LOF at the individual level. This integrated review of the relevant literature has the potential to be a significant contribution in itself.

Second, the dissertation marks an important contribution to the field of international marketing because it takes on a comprehensive examination of one of the fundamental assumptions of the field, that foreign firms face a systematic disadvantage in doing business relative to local firms because of consumers' perceptions. Prior work on LOF has addressed the issues of marketing costs (Luo et al., 2002), cultural drivers of the LOF (Calhoun, 2002), and the individual level of analysis (Mezias & Mezias, 2007), however, this dissertation is one of the first studies to identify specific sources of the LOF construct at the individual or consumer level of analysis, and thus helps researchers to gain a better understanding of the external and culture bound sources of this extra liability for foreign firms.

Third, it is well documented that some consumers have a predilection toward imported goods, whereas others prefer domestic alternatives. Perhaps the most widely used construct to understand this phenomenon and the reason for such tendencies is consumer ethnocentrism, developed by Shimp and Sharma (1987) and measured by their CETSCALE. However, this study suggests the merit of applying stigma to the marketing field, by employing Bogardus (1925) social distance scale, which provides a new way to consider and explore the COO effect for services across different service categories and different countries. For marketers, the distinction between consumer ethnocentrism and country-specific stigmatization is significant, and this will be discussed under managerial implications.

Fourth, prior studies admit the paucity of empirical research into the area of service internationalization and whether the COO effect applies to services. In responding to that need, this dissertation is designed to empirically test the COO effect across seven service categories for six different target markets at the individual level as well as making cross-cultural comparisons.

Further, researchers have begun to heed the call to extend the study of marketing phenomena to international (non-USA) settings. Albaum and Peterson (1984), Lee and Green (1991), and Netemeyer et al. (1991), all note that most consumer behavior models have been developed in the USA and few have been tested empirically outside North America. This dissertation develops and carries out a conceptual framework in Australia by evaluating not only Australian, but also American, Chinese, German, Japanese, and French products and services. In summary, the stigma construct provides several significant and practical implications for marketing practitioners, which will be discussed next.

### *6.9.2 Managerial*

Australia's trade in services currently accounts for about 1.3 percent of the value of overall world total service import. Total import trade in services in Australia exceeded US $45.5 billion in 2008, an increase of 18 percent from the previous year (ABS, 2009). Thus, the proliferation of Australia's reliance on services suggests that intense competition will continue to grow and consequently, international marketers will require an expanding repertoire of tools and constructs to enable them to compete and position their services more effectively. This dissertation argues that domestic and international marketers might do well to consider stigmatization as a factor that influences consumer preference formation, which provides several significant and managerial implications for marketers.

#### *6.9.2.1* ***COO Effects across Service Categories***

Generalizations that a firm's service will necessarily suffer in a foreign market, based on evidence of similar incidents in other service categories, have to be discounted. International marketers should be cautious when making inferences based on other service categories when they decide to enter foreign markets since consumer preferences for services of the same foreign country varies depending on the service category involved. Moreover, firms should not be dissuaded by general averseness to COO services in a particular country, as consumer bias towards a particular country is not uniformly distributed across all foreign countries and across all service categories. Thus, when a favorable COO preference for a particular service category exists, international marketers should focus on promoting countries of origin. The characteristics specific to services – notably intangibility, inseparability, heterogeneity and perishability – may create unique problems in the international marketing of services. Therefore, service providers are advised to stress tangible cues, use personal sources, create a strong organizational image, and simulate or stimulate word-of-mouth knowledge in their communication. In particular, for service intangibility, international marketers could enhance consumer's preference by incorporating COO specific information via surrogates and various tangible representations that service marketers associate with their service, to convey their benefits and reinforce their image.

If an unfavorable COO preference for a particular service category exists, COO information would be detrimental to service evaluations. In this case, service marketers should emphasize important service benefits other than the COO information. Since the service offered will be partly judged by "who personally offers it" and not just "who" the vendor corporation is but also "who" the corporation's representative is. One strategy when an unfavorable COO service perception exists is to put more emphasis on implementing consistent representatives' profiles and training to standardize the personal approach to service. In particular, for unfavorable COO services, the focus should be on an offensive strategy to mitigate the LOF by working on accessing the local environment, through local networking and efforts to enhance legitimacy (Luo et al., 2002). For instance, a French education provider may benefit from employing American teachers. Furthermore, when consumers have concerns regarding a specific COO (e.g., Australia) for a specific service category (e.g., IT), COO information would be detrimental to consumers' service evaluations and thus, service marketers should offer additional assurances (e.g., warranties or guarantees) to overcome consumer concerns. However, Hooley et al. (1988) conclude that consumers' perceptions about COO's product/service are (a) heterogeneous, (b) vary from country to country, (c) change over time, and (d) home-country products/services will be favored above foreign offerings. This has managerial implications as marketers need to continuously measure and monitor COO perceptions at home and in different countries.

#### *6.9.2.2* ***Social Distance as Proxy of Discriminating Consumer Behavior***

International marketers should first consider measuring consumers' level of social distance towards respective services, upon entering the Australian market or any foreign market. These results would provide marketers an insight into consumers' perception of a COO's image related to services. Preliminary statistics appear to provide evidence that the degree of social distance varies for products, services, and companies. Thus, marketers should distinguish between the degree of stigmatization towards a COO's products, services, and companies. These market research results would then provide insight into the degree of stigmatization towards a COO's offerings when combined with consumers' demographic profiles matched with consumers' geographic residences and thus would hold considerable promise for identifying possible levels of stigmatization prior to entering the market. Preliminary descriptive statistics have revealed that American products and services have the lowest social distance scores and Chinese products and services have the highest social distance scores. Some economists argue that the USA is reputedly doomed because China's economy has been growing at three times the rate of the USA's economy and therefore will surpass the USA in terms of output sometime in the next several decades, suggesting that China will emerge as number one. Without discussing the myriad challenges China is facing (e.g., aging population, export dependent economy, political upheaval, etc.), which would be beyond the scope of this discussion, it seems China has a way to go before it can dethrone the USA. Niall Ferguson (2004, p. 26) has warned that "although the global power is bound to shift, commentators should always hesitate before they prophesize the decline and fall of the United States". Furthermore, descriptive statistics reveal that Europeans have the lowest social distance score for American products, which is inconsistent with previous studies' conclusions that home-country products will be favored above foreign offerings. However, Joffe (2009) has stated that Europeans are no longer objects of national pride nor are they principal agents for promoting national interest, and thus this clearly reflects Europeans social distance towards their own products, services, and companies.

Moreover, the finding that stigmatization affects consumers' preference is a significant departure from venerable traditional consumer decision making theory (Bettman & Sujan, 1987) that consumers evaluate products and services based on different factors (e.g., quality) which is then correlated with product/service purchase. The findings of the present study reveal that for some countries of origin, the degree of social distance is sufficiently dominant that purchase decisions are no longer influenced by evaluations of respective product or service (e.g., USA and law services). Managers, therefore, must understand and examine the degree of social distance towards a COO's services in general, thus measuring the degree of stigmatization. In the case of the level of stigmatization, where there is a high degree of social distance towards a COO's services, it is unlikely that traditional methods of increasing market share will be appropriate or successful. Also, it seems unlikely that sales promotions, brand advertisements, or price promotions will be effective strategies. Instead, a more appropriate strategic response might be to downplay promotion of the "made in ..." aspect of the service and use brand names that are not obviously associated with the target country, as suggested by Ettenson and Gaeth (1991) and Levin and Jasper (1996). Moreover, when consumers have concerns regarding specific COOs, Javalgi, Griffith, and White (2003) recommended service providers offer additional assurances, such as guarantees, to overcome consumers concerns, which are found to influence consumer decision-making. The more information the consumer has about the service, the less importance he or she will attach to the provider's COO.

Interestingly, the findings have disclosed that it is possible that consumers can harbor stigmatization towards COO's services in general without denigrating the quality of specific service category produced by that country. In the case of the USA and advertising service, it is evident that despite consumers' high degree of social distance towards American services in general, consumers still prefer American advertising services. Therefore, stigmatization appears to be a liability but that is not always so. When a favorable COO preference for a particular service category exists, international marketers should focus on promoting countries of origin.

The stigmatization construct can also be applied by domestic marketers seeking to defend their local market against increases in imported services, in particular, imported services from a particular country. For instance, Australian marketers can exploit and promote “buy domestic” campaigns for IT services, which Australians significantly prefer, and capitalize on discouraging services from competing service providers (e.g., the USA). Consistent with previous research (Shimp & Sharma, 1987), domestic marketers should take advantage of prevalent degrees of social distance towards some COO’s services by promoting the “native” image so that international competitors can be held at bay.

#### *6.9.2.3* ***Global Awareness and Consumer Preferences***

It was hypothesized that with a participant’s increased level of global awareness, it would increase preference rankings. However, this dissertation has found mixed results, which again, has managerial implications. Previous studies have proposed (Deutsch & Collins, 1951; Allport, 1979) that the more a person knows about another group, the less likely he or she is to be prejudiced against the group. Our findings support this view for only one case, being German medical services. Successful global branding often entails promoting cosmopolitan, modern, and sophisticated images (Friedman, 1990). Thus, I recommend this positioning strategy for German medical services for instance, as the results reveal that participants with a high degree of social distance towards German services, dislike German medical services but with an increase in global awareness, the same participants appear to prefer this particular German service. The findings of this dissertation imply that marketers may mitigate the negative impact of stigmatization and service preferences for some countries.

However, if consumers have a high degree of social distance towards a COO’s services in general, and the consumers’ level of global awareness does not improve stigmatization, a more national responsive approach may be appropriate. Especially, branding strategies may be affected as branding can be used to either emphasize the foreign origin of a service or conceal its foreign origins. For instance, some service categories (e.g., American law services) appear to be perceived as negative regardless of the level of stigmatization and global awareness, implying a permanent LOF, supporting Petersen and Pedersen’s (2002) view that host country customer preferences can be identified as permanent aspects of LOF.

Interestingly and consistent with Skinner and Bruner’s (1959) notion, that members of a group that have “the most contact with new cultures such as border dwellers, travelers and diplomats tend to be extremely ethnocentric or nationalistic" (Rosenblatt, 1964, p. 138). Some COO's service categories cannot improve preference rankings and even worse, appear to be less liked despite participants' increased level of global awareness. In the case of China, participants significantly disliked Chinese education, medical, law, and advertising services, notwithstanding their increase in global awareness. Therefore, international marketers for Chinese services should definitely shy away from exploiting "made in" labels and focus more on post-sale services by providing courteous, prompt and efficient services, and using sophisticated employee recruitment and training techniques to project the right image from the start.

Faced with multiple layers of disadvantage, it may be difficult for marketers to challenge China's stigmatized status. The predicament with power is the fact that it does not confer with demand (Seedat, 2001), as people or groups with power (in-groups) are less likely to give up their status or position without forceful demand from excluded groups (out-groups). Therefore, in order to maintain a given symbolic status quo in society, the 'in-group' may manifest and harvest 'othering' of 'out-group' and thus, contribute to the continuation of the stigmatization. However, researchers like Howarth (2006) argue that social knowledge is "always in the making … constantly reworked, resisted and transformed as we find new ways of mastering our constantly changing realities" (p. 443). Therefore, in certain circumstances 'out-groups' are able to not only challenge but also alter stigmatizing representations by 'in-groups', therefore one needs to take into account the human capacity for agency (Howarth, 2006). As long as stigmatizing representations are not internalized, and 'out-groups' resist and take an active part in renegotiating, previous stigmatizing representations may progress into a more positive light. Thus, in years to come, China's stigmatizing representation may follow this direction. It is worth noting that the activation of a stereotype/stigmatization is not necessarily a conscious activity and Devine (1989) found that common stereotypes are activated automatically when members of the stereotyped group are encountered. However, upon entering a foreign market, consumers might attach negative stereotypes to foreign offerings, thus leading to a negative mark, which classifies it as a culturally derived LOF. Despite the fact that empirical studies suggest that stigma can be mitigated, marketers need to be able to identify these LOF and act upon them to prevent automated activation of negative stereotyping (Lui & Johnson, 2005).

Concluding, a tactical managerial implication of this finding suggests that a marketer of foreign services should segment potential customers on the degree of their global awareness. In the long run, foreign marketers should proactively try to motivate potential consumers toward a higher level of global awareness by employing a communications program that is targeted toward correcting potential negative views of their country. According to Cateora and Graham (2002), such planned change in consumers' cultural perspective is a viable but difficult marketing strategy, but if it substantially reduces the bias against the purchase of foreign services, it may be worth the effort and investment. In the foreseeable future, consumers will be more accepting of foreign services as globalization is accelerated around the globe.

#### *6.9.2.4* **Gender and Cross-Cultural Differences in Consumers' Preferences**

Consistent with past research on COO, the results of this study indicate that it is important for managers to recognize that cross-national as well as gender differences should be taken into account (Javalgi et al., 2003). Javalgi et al. (2003) highlight the need for local cultural sensitivity when supplying services in the international arena. Specifically, some differences in service preference rankings were found across the four groups of participants. Continuous assessment of consumers' level of stigma is therefore warranted in different geographical regions and different countries and for different services.

## 6.10 Conclusion

The stigmatization model of foreign services holds significant promise for domestic and international marketers. The measurement of stigmatization provides managers with a new and useful strategic tool that will lead to a better understanding of how current and prospective consumers in international markets might react to marketing offerings imported from a particular country. Stigmatization is contingent on the stigmatizer having access to power. The USA is currently the default power, the country that occupies center stage because there is nobody else with the requisite power and purpose. And yet, for all the anti-Americanism that has coursed through Western Europe and the Islamic world, the USA has remained the world's dominant power. The overall moral is that either the USA takes care of heavy lifting or nobody does, and this is the concise definition of a default power. Jeffe (2009) finishes with the question “who would actually want to live in world dominated by China (products/services), India, Japan, Russia, or even Europe, which for all its enormous appeal cannot take care of its own backyard?” (p. 35), which aligns with the current study and if one adds “products and services”, it sums up the results of this dissertation.

Furthermore, the dissertation’s findings imply that globalization has made uneven inroads on consumer attitudes and behaviors, lending credence to Alden, Steenkamp, and Batra’s (2006) conclusion that globalization and cultural homogenization are neither interchangeable nor inevitable. In some respects, geography still matters. It is concluded, therefore, that consumers in a different culture, who are fundamentally different in their tastes and preferences, perceptions, priority of needs and motivations to consume, are still sufficiently different even after being exposed to the enormous wave of globalization.

### 6.11 Limitations and Further Research

The limitations of this dissertation should be considered when interpreting the findings. Moreover, some of the dissertation’s limitations are suggestive of directions for further research efforts. First, the empirical study has tested only part of the conceptual framework by focusing on services preferences, thus further research should try to test the entire conceptual framework by employing structural equation modeling for each COO.

Moreover, future studies should extend the analysis to include additional COOs as well as closely examining the appropriateness of treating Europeans as a single sample cluster as I and others have done (Ayal, 1981; Lilien & Weinstein, 1984). Thus, the problem of sampling is a limitation. The strategy that I adopted was to select four student populations, and keep them relatively homogeneous. Thus, by maximizing within-culture homogeneity, between-culture differences should be observed. However, Europeans, Asians, and even more clearly, Americans, are culturally extremely heterogeneous. The findings presented herein should be interpreted with caution, particularly when generalizing them to broader country populations. The relatively youthful, affluent, educated, and English-fluent sample doubtlessly inflated and understated mean stigmatization levels, relative to the mainstream populations. However, the samples were carefully selected to attend to the difficulties of representative sampling, while departing from a pure convenience sampling approach. Further research is needed on older, less educated consumers to assess the generalizability of the findings to a broader demographic segment. My intention was not to generalize the findings to specific countries but rather to confirm the structure of these psychographic constructs internationally, to assess the consistency of key demographic antecedents across different groups, and to illustrate which constructs were drivers of what behaviors in which locales.

Additionally, future studies might also expand the set of predictor variables that are not specified in this study's model (e.g., age, work and travel experience). Further research on similar topics should draw from a broader cross-section of the population and consider a wider array of product- and service-dominated categories.

Concluding, the reliance on consumer preferences as a measure of external sources of LOF only captures a portion of the tacit manifestations of cultural variation that will negatively impact the foreign firm. Further research is needed to identify additional sources of LOF in the external business environment from a consumer perspective.

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# 8. APPENDICES

## 8.1 Appendix A: PhD Confirmation Approval

Bond University
Research & Consultancy Services

25 February 2009
Ref No: 12942262

Natascha LOEBNITZ

Faculty of Business, Technology & Sustainable Development

Dear Natascha,

On behalf of the Bond University Higher Degree Research Committee (BUHDRC), I would like to advise you that upon successful completion of your confirmation of candidature proposal, you have been granted approval to continue candidature in the Doctor of Philosophy program in the Faculty of Business, Technology & Sustainable Development.

Throughout candidature, students can expect support and guidance to be readily provided by their Faculty. If problems arise it is appropriate that candidates consult with their supervisor and then, if necessary, the Dean of Faculty, and the Chair of BUHDRC.

Continuing research degree students will automatically be re-enrolled in each enrolment period in which they are undertaking the program unless they complete a deferral form (leave of absence). Please ensure you are familiar with the guidelines and regulations set out in the Bond University Handbook of Regulations and the Bond University Higher Degree Research Guide.

If you have any further queries please contact your supervisor or the relevant academic advisor in your Faculty.

I hope your research program at Bond will be an enjoyable and valuable experience enabling you to achieve your future goals.

Yours sincerely

Dr Anne Cullen
Chair, Bond University Higher Degree Research Committee

Best wishes

Janet Price
HDR Administrator
Research and Consultancy Services

Telephone: +61 7 5595 4179
Facsimile: +61 7 5595 1120
Bond University <http://www.bond.edu.au/index.html> | Gold Coast,
Queensland, 4229, Australia

## 8.2 Appendix B: Cover Letter

Research project: Product Prototype
Explanatory Statement
BUHREC protocol number:
Research Investigators and Contact Details:

Ph.D. Student Natascha Loebnitz
Faculty of Business, Technology and Sustainable Development
Bond University, Gold Coast, QLD 4229
Project telephone number: (07) 559 51457
Project email: nloebnit@bond.edu.au

Dear Participant,

This explanatory statement is written to inform you about the research project that you have expressed a participatory interest in.

The purpose of this study is to examine consumer preferences to a new prototype electronic product by various companies. Participants sought for this study are Bond University students, aged 18-30. Participation in the study will take approximately 50 minutes to complete and is entirely voluntary.

You are not obligated to participate and even if you agree to participate you may withdraw your consent at any time

No findings, which could identify any individual participant, will be published. The anonymity of your participation is assured by our procedure, in which the questionnaires are anonymous and only the combined results of all participants will be published

The first aspect of the study requires participants to read this Explanatory Statement, which describes the research process. It should take no longer than 5 minutes to read. If you are happy to proceed in the research, please complete two questionnaires: first, the Global Awareness Profile and second, a follow up questionnaire. There is no right or wrong.

If there are any particular questions you feel uncomfortable answering, please feel free to leave them blank or contact the researcher on (07) 559 51457.

Your participation is this study is greatly appreciated.
Sincerely,

Natascha Loebnitz

Should you have any complains concerning the manner in which the research is conduced, please do not hesitate to contact Bond University Research Ethics Committee, quoting protocol number RO-940

Ethics Officer
Complains
Bond University Human Research Ethics Committee
Bond University Research and Consultancy Services
Level 2, Central Building
Bond University, QLD 4229
Telephone (07) 5595 4194
Fax: (07) 5595 1120
Email: buhrec@bond.edu.au

## 8.3 Appendix C: Ethics Approval Letter (BUREC)

7 May 2009

Prof Michael Harvey/Natascha Loebnitz
Faculty of Business, Technology and Sustainable Development
Bond University

Dear Michael and Natascha

**Protocol No:** **RO940**
**Project Title:** **Liability if Foreignness**

I am pleased to confirm that your project was reviewed under the Full review procedure and you have been granted approval to proceed.

Please note that BUHREC's role is to monitor research projects until completion. The Committee requires, as a condition of approval, that all investigations be carried out in accordance with the National Health and Medical Research Council's (NHMRC) National Statement on Ethical Conduct in Research Involving Humans and Supplementary Notes. Specifically, approval is dependent upon your compliance, as the researcher, with the requirements set out in the National Statement as well as the research protocol listed in the Declaration which you have signed.

Please be aware that the approval is given subject to the protocol of the study being under taken as described in your application with amendments, where appropriate. As you may be aware the Ethics Committee is required to annually report on the progress of research it has approved. We would greatly appreciate if you could advise us when you have completed data collection and when the study is completed

Should you have any queries or experience any problems, please liaise directly with Caroline Carstens early in your research project: Telephone: (07) 559 54194, Facsimile: (07) 559 51120, Email: buhrec@bond.edu.au.

We wish you well with your research project.

Yours sincerely

**Dr Mark Bahr**
**Chair**

## 8.4 Appendix D: Second Questionnaire

This part of the survey is conducted to assess people's attitudes towards several marketing practices.
Please indicate your level of agreement with each of the following statements 29 statements. Please circle your response.

| 1. The packages of products made in ____ are well designed and are available in an adequate number of sizes | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 2. Products made in _______ are usually available in the retail stores in which one expects to find them | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 3. In general, repair and maintenance services provided for products made in _______ are adequate | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 4. Products made in _____ are usually well-displayed and merchandised in retail stores | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 5. The retail stores that carry products made in ________ usually have a good reputation | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 6. The brand names of products made in ____are easily recognizable and generally quite well known | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 7. The package labels and directions for use of products made in _______ are usually understandable and informative | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **8. The advertisements of products made in _____ are usually believable and provide a reliable source of product information** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **9. Products made in _______ are usually reasonably priced in comparison to similar products from other countries** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **10. Products made in _____ are usually quite inexpensive in comparison to similar products from other countries** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 11. More advertising and promotion is needed for products made in ________ in order to better inform consumers about product availability | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 12. The advertising and promotion of products made in _______is usually very poor in comparison to that for the products of other countries | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 13. Sales personnel for products made in _______ are generally very knowledgeable | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 14. More advertising and promotion is needed for products made in ____ in order to better inform consumers about product availability | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 15. The level of knowledge of sales personnel for products made in _____ is usually very poor in comparison to that for products of other countries | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 16. Sales personnel for products made in _____ are generally very friendly | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 17. Sales personnel for products made in _____ are usually less competent and credible in comparison to other countries | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| **France** | 1 | 2 | 3 | 4 | 5 |

| **18. Sales personnel for products made in _______ are usually unfriendly in comparison to sales personnel for products from other countries** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **19. I say positive things about products made in ______ to other people** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **20. Brands of products made in _______ have a good reputation** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **21. Brands of products made in _____ usually have a bad reputation in comparison to brands of products made in other countries** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly |

| | | | | | Agree |
|---|---|---|---|---|---|
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **22. I consider products made in ____ my first choice** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **23. I recommend products made in ____ to someone that seeks my advise** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **24. The living standard in _____ is relative high compared to other countries** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 25. The technology standard in ____ is relatively low compared to other countries | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 26. The level of education in _______ is relatively high compared to other countries | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 27. Politically, ______ is considered relatively stable compared to other countries | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 28. The living standard in _____ is relative high compared to other countries | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| **France** | 1 | 2 | 3 | 4 | 5 |

| **29. The level of economic development in ______ is relatively low compared to other countries** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

The next questions are about your perceptions of **products** from different countries. Please indicate your level of agreement with each of the following statements. Please circle your response

| **30. Workers from ______ are concerned about quality** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **31. Manufacturers from ____ are more concerned with profits than quality** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| **France** | 1 | 2 | 3 | 4 | 5 |

| **32. In _____ it costs too much to make a high quality product** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **33. Products made in _____ can compete with imports in terms of quality** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **34. If the quality of _______ made and imported products is the same, I will buy _____ products even if it cost a bit more** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **35. The quality of products made in _____ over the past five years has improved** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **36. I expect the quality of products made in _____ to improve over the next five years** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **37. Overall, the quality of products made in _____ is equal to, if not better than, imported products** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

The next questions are about your perceptions or expectations about **services** from different countries. Please indicate your level of agreement with each of the following statements. Please circle your response

| **38. I anticipate that I will be satisfied with the service I receive from companies from _______** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **39. I anticipate that I will be happy about my decision to** |
|---|

| purchase from a company from ______ | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 40. I feel I make the right decision by purchasing a company's service from ________ | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| 41. Overall, I anticipate that I will be satisfied with the service from a company from _____ | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

The next questions are about your perceptions about **companies** from different countries. Please indicate your level of agreement with each of the following statements. Please circle your response

| 42. Companies from ______ are concerned about quality | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| **France** | 1 | 2 | 3 | 4 | 5 |

| **43. Companies from ______ are more concerned about profits than quality** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **44. In _______ it costs too much to make high quality products** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **45. Products from companies from ______ can compete with imports** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **46. If the quality of ______ made and imported products is the same, I will buy products from companies from ______ even if it costs a bit more** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |

| | | | | | |
|---|---|---|---|---|---|
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **47. The quality of products from companies from ______ over the past five years has improved** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **48. I expect the quality of products from companies from _______ to improve over the next five years** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

| **49. Overall, the quality of products from companies from ______ is equal, if not better than, imported products** | | | | | |
|---|---|---|---|---|---|
| | Strongly Disagree | Disagree | Neither | Agree | Strongly Agree |
| **USA** | 1 | 2 | 3 | 4 | 5 |
| **China** | 1 | 2 | 3 | 4 | 5 |
| **Germany** | 1 | 2 | 3 | 4 | 5 |
| **Japan** | 1 | 2 | 3 | 4 | 5 |
| **Australia** | 1 | 2 | 3 | 4 | 5 |
| **France** | 1 | 2 | 3 | 4 | 5 |

**50) Please rate your level of agreement by placing a check ("X"), on a 5-point Likert Scale (1=strongly disagree, 2 = disagree, 3 = neutral, 4= agree, and 5=strongly agree) with the following statements:**

| | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|---|---|---|---|---|---|
| 1. Only those products that are unavailable locally should be imported | | | | | |
| **2. Domestic products, first, last and foremost** | | | | | |
| 3. Purchasing foreign-made products is un-patriotic | | | | | |
| 4. It is not right to purchase foreign-made products because it puts our own people out of jobs | | | | | |
| 5. A real local should always buy domestically-made products | | | | | |
| 6. We should purchase products manufactured locally instead of letting other countries get rich off | | | | | |
| 7. One should not buy foreign products, because this hurts local business and causes | | | | | |
| 8. It may cost me in the long run but I prefer to support local products | | | | | |
| 9. We should buy from foreign countries only those products that we cannot obtain within our own | | | | | |
| **10. Local consumers who purchase products made in other countries are responsible for putting their fellow locals out of work** | | | | | |

**51.) How likely is that you would consider purchasing <u>products</u> from the following countries?**

**Appendix A** To measure this, we will ask you to rate the country that appears at the top of the page against 3 descriptors by placing a check (X) on the scale from one to nice that best reflects your judgement. There are no right or wrong answers.

**How likely is that you would consider purchasing products from the following countries?**

| | Unlikely | | | | | | | | Likely |
|---|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | | |
| China | | | | | | | | | |
| Germany | | | | | | | | | |
| Australia | | | | | | | | | |
| Japan | | | | | | | | | |
| France | | | | | | | | | |

**How likely is that you would consider purchasing products from the following countries?**

| | Definitely would not | | | | | | | | Definitely would |
|---|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | | |
| China | | | | | | | | | |
| Germany | | | | | | | | | |
| Australia | | | | | | | | | |
| Japan | | | | | | | | | |
| France | | | | | | | | | |

**How likely is that you would consider purchasing products from the following countries?**

| | Probable | | | | | | | | Improbable |
|---|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | | |
| China | | | | | | | | | |
| Germany | | | | | | | | | |
| Australia | | | | | | | | | |
| Japan | | | | | | | | | |
| France | | | | | | | | | |

**52.) How likely is that you would consider purchasing <u>services</u> from the following countries?**

**Appendix B** To measure this, we will ask you to rate the country that appears at the top of the page against 3 descriptors by placing a check (X) on the scale from one to nice that best reflects your judgement. There are no right or wrong answers.

**How likely is that you would consider purchasing services from the following countries?**

| | Unlikely | | | | | | | | Likely |
|---|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | | |
| China | | | | | | | | | |
| Germany | | | | | | | | | |
| Australia | | | | | | | | | |
| Japan | | | | | | | | | |
| France | | | | | | | | | |

**How likely is that you would consider purchasing services from the following countries?**

| | Definitely would not | | | | | | | | Definitely would |
|---|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | | |
| China | | | | | | | | | |
| Germany | | | | | | | | | |
| Australia | | | | | | | | | |
| Japan | | | | | | | | | |
| France | | | | | | | | | |

**How likely is that you would consider purchasing services from the following countries?**

| | Probable | | | | | | | | Improbable |
|---|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | | |
| China | | | | | | | | | |
| Germany | | | | | | | | | |
| Australia | | | | | | | | | |
| Japan | | | | | | | | | |
| France | | | | | | | | | |

**53.) How likely is that you would consider purchasing products/services from <u>companies</u> from the following countries?**

*To measure this, we will ask you to rate the country that appears at the top of the page against 3 descriptors by placing a check (X) on the scale from one to nice that best reflects your judgement. There are no right or wrong answers.*

**How likely is that you would consider purchasing products/services from companies from the following countries?**

| | Unlikely | | | | | | | | Likely |
|---|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | | |
| China | | | | | | | | | |
| Germany | | | | | | | | | |
| Australia | | | | | | | | | |
| Japan | | | | | | | | | |
| France | | | | | | | | | |

**How likely is that you would consider purchasing products/services from companies from the following countries?**

| | Definitely would not | | | | | | | | Definitely would |
|---|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | | |
| China | | | | | | | | | |
| Germany | | | | | | | | | |
| Australia | | | | | | | | | |
| Japan | | | | | | | | | |
| France | | | | | | | | | |

**How likely is that you would consider purchasing products/services from companies from the following countries?**

| | Probable | | | | | | | | Improbable |
|---|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | | |
| China | | | | | | | | | |
| Germany | | | | | | | | | |
| Australia | | | | | | | | | |
| Japan | | | | | | | | | |
| France | | | | | | | | | |

***54.)*** What **products** do you prefer from what country? We are interested to know what you think in general.

*Please do not think of specific brands and do not consider income limitations. Please rank the six different countries under the assumption that products originating from them had similar attributes or features and were sold at the same price. The most important being number 1, the second most important 2, and so on until you have* *ranked all 6.*

| Country | Cars | Food products | Electronics | Fashion wear | Toys | Do it yourself tools | Furniture | Toiletries |
|---|---|---|---|---|---|---|---|---|
| USA | | | | | | | | |
| China | | | | | | | | |
| Germany | | | | | | | | |
| Australia | | | | | | | | |
| Japan | | | | | | | | |
| France | | | | | | | | |

Similarly, what **services** do you prefer from what country? We are interested to know what you think in general.
Please do not think of specific brands and do not consider income limitations. Please rank the six different countries under the assumption that products originating from them had similar attributes or features and were sold at the same price. The most important being number 1, the second most important 2, and so on until you have ranked all 6.

| Country | Education | Medical/ healthcare | Legal services | Advertising services | Entertainment | Computer/IT services | Travel services |
|---|---|---|---|---|---|---|---|
| USA | | | | | | | |
| China | | | | | | | |
| Germany | | | | | | | |
| Australia | | | | | | | |
| Japan | | | | | | | |
| France | | | | | | | |

**55.)** Now, we want you to give us your reactions to each country as a group. Remember to give your first feeling reactions in every case. Do NOT give your reactions to the best or the worst members that you have known, but think of the picture or stereotype that you have of the whole group/country. Put a cross “X” in as many of the boxes as your feelings dictate.

| I would willingly have PRODUCTS from the following countries: | USA | China | Germany | Australia | Japan | France |
|---|---|---|---|---|---|---|
| being available in my country | | | | | | |
| being available in my state | | | | | | |
| being available in my local area | | | | | | |
| Bought for my family | | | | | | |
| Excluded from my country entirely | | | | | | |
| **I would willingly have SERVICES from the following countries:** | **USA** | **China** | **Germany** | **Australia** | **Japan** | **France** |
| being available in my country | | | | | | |
| being available in my state | | | | | | |
| being available in my local area | | | | | | |
| Bought for my family | | | | | | |
| Excluded from my country entirely | | | | | | |
| **I would willingly have COMPANIES from the following countries:** | **USA** | **China** | **Germany** | **Australia** | **Japan** | **France** |
| Being available in my country | | | | | | |
| being available in my state | | | | | | |
| being available in my local area | | | | | | |
| In a competitive business near my parents business location | | | | | | |
| In a non-competitive business near my parents business location | | | | | | |
| Employ my siblings | | | | | | |
| Employ my neighbours | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Excluded from my country entirely** | | | | | | |

56.) Please indicate and rate the amount of risk you feel present when buying products, services, and from companies from six different countries. Please indicate by making a cross "X" the risk category among given choices (very high, high, moderate, low and very low) which best expressed the amount of risk perceived in purchase a specific product in a specific buying situation

| **Risk involved when purchasing PRODUCTS from:** | **Very high** | **High** | **Moderate** | **Low** | **Very low** |
|---|---|---|---|---|---|
| **USA** | | | | | |
| | | | | | |
| **China** | | | | | |
| | | | | | |
| **Germany** | | | | | |
| | | | | | |
| **Australia** | | | | | |
| | | | | | |
| **Japan** | | | | | |
| | | | | | |
| **France** | | | | | |

| **Risk involved when purchasing SERVICES from:** | **Very high** | **High** | **Moderate** | **Low** | **Very low** |
|---|---|---|---|---|---|
| **USA** | | | | | |
| | | | | | |
| **China** | | | | | |
| | | | | | |
| **Germany** | | | | | |
| | | | | | |
| **Australia** | | | | | |
| | | | | | |
| **Japan** | | | | | |
| | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **France** | | | | | |

| **Risk involved when purchasing from COMPANIES from:** | **Very high** | **High** | **Moderate** | **Low** | **Very low** |
|---|---|---|---|---|---|
| **USA** | | | | | |
| | | | | | |
| **China** | | | | | |
| | | | | | |
| **Germany** | | | | | |
| | | | | | |
| **Australia** | | | | | |
| | | | | | |
| **Japan** | | | | | |
| | | | | | |
| **France** | | | | | |

57.) Please, be patient. This is the last section of the questionnaire. Please, provide the following information about yourself simply circle or place a tick mark in front of the response that you use to describe yourself.

1.) Please indicate your gender
________ Male
________ Female

2.) What is your age (in years)?
_________

3.) What is your culture?
____American ____Australian ____Other
____European ____Asian

4.) How many countries have you travelled to outside your home country?
- o 1
- o 2
- o 3 – 5
- o 5- 8
- o More than 8

5.) What was the longest time you worked, lived, or studied in a different country?
- o 3 - 6 months
- o 1 year
- o 1-3 years
- o 3-5 years
- o More than 5 years

6.) Have you worked in a country other than your home country?
____ Yes

____ No

7.) Have you ever participated in a student exchange semester?

____ Yes
____ No

8.) Have you studied international/global business while at the university?

____ Yes
____ No

9.) How many courses have you taken?

- o 1
- o 2
- o 3
- o 4 or more
- o

10.) Do you anticipate being involved in international/global business during your career?

____ Yes
____ No

## 8.5 Appendix E: Data Coding Scheme

***Questions 1 – 29: Attitude Statements towards tangible and intangible marketing variables***

**(R)** = reversed (reversed variables for attitude statements start at variable # 645)

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| Identification number | StudentID | Subject identification number |
| 1. The packages of products made in ______ are well designed and are available in an adequate number of sizes | ONE_USA<br>ONE_China<br>ONE_GER<br>ONE_JP<br>ONE_AUS<br>ONE_Fra | 1 = strongly disagree<br><br>5 = strongly agree |
| 2. Products made in ________ are usually available in the retail stores in which one expects to find them | TWO_USA<br>TWO_China<br>TWO_GER<br>TWO_JP<br>TWO_AUS<br>TWO_Fra | 1 = strongly disagree<br><br>5 = strongly agree |
| 3. In general, repair and maintenance services provided for products made in ________ are adequate | Three_USA<br>Three_China<br>Three_GER<br>Three_JP<br>Three_AUS<br>Three_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 4. Products made in ________ are usually well-displayed and merchandised in retail stores | Four_USA<br>Four_China<br>Four_GER<br>Four_JP<br>Four_AUS<br>Four_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 5. The retail stores that carry products made in _________ usually have a good reputation | Five_USA<br>Five_China<br>Five_GER<br>Five_JP<br>Five_AUS<br>Five_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 6. The brand names of products made in… are easily recognizable and generally quite well known. | Six_USA<br>Six_China<br>Six_GER<br>Six_JP<br>Six_AUS<br>Six_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 7. The package labels and directions for use of | Seven_USA<br>Seven_China | 1 = strongly disagree |

| | | |
|---|---|---|
| products made in _______ are usually understandable and informative | Seven_GER<br>Seven_JP<br>Seven_AUS<br>Seven_Fran | 5 = strongly agree |
| 8. The advertisements of products made in _____ are usually believable and provide a reliable source of product information. | Eight_USA<br>Eight_China<br>Eight_GER<br>Eight_JP<br>Eight_AUS<br>Eight_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 9. Products made in _______ are usually reasonably priced in comparison to similar products from other countries. | Nine_USA<br>Nine_China<br>Nine_GER<br>Nine_JP<br>Nine_AUS<br>Nine_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 10. Products made in _____ are usually quite inexpensive in comparison to similar products from other countries **(R)** | Ten_USA_R<br>Ten_China_R<br>Ten_GER_R<br>Ten_JP_R<br>Ten_AUS_R<br>Ten_Fran_R | 1 = strongly disagree<br><br>5 = strongly agree |
| 11. More advertising and promotion is needed for products made in ________ in order to better inform consumers about product availability **(R)** | Eleven_USA_R<br>Eleven_China_R<br>Eleven_GER_R<br>Eleven_JP_R<br>Eleven_AUS_R<br>Eleven_Fran_R | 1 = strongly disagree<br><br>5 = strongly agree |
| 12. The advertising and promotion of products made in _______is usually very poor in comparison to that for the products of other countries. **(R)** | Twelve_USA_R<br>Twelve_China_R<br>Tweleve_GER_R<br>Twelve_JP_R<br>Twelve_AUS_R<br>Twelve_Fran_R | 1 = strongly disagree<br><br>5 = strongly agree |
| 13. Sales personnel for products made in _______ are generally very knowledgeable | Thriteen_USA<br>Thirteen_China<br>Thirteen_GER<br>Thirteen_JP<br>Thireen_AUS<br>Thirteen_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 14. More promotion is needed for products made in _____ in order | Fourteen_USA<br>Fourteen_China<br>Fourteen_GER | 1 = strongly disagree<br><br>5 = strongly agree |

| | | |
|---|---|---|
| to better inform consumers about product availability | Fourteen_JP<br>Fourteen_AUS<br>Fourteen_Fran | |
| 15. The level of knowledge of sales personnel for products made in _____ is usually very poor in comparison to that for products of other countries **(R)** | Fiveteen_USA_R<br>Fiveteen_China_R<br>Fiveteen_GER_R<br>Fiveteen_JP_R<br>Fiveteen_AUS_R<br>Fiveteen_Fran_R | 1 = strongly disagree<br><br>5 = strongly agree |
| 16. Sales personnel for products made in _____ are generally very friendly | Sixteeen_USA<br>Sixteen_China<br>Sixteen_GER<br>Sixteen_JP<br>Sixteen_AUS<br>Sixteen_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 17. Sales personnel for products made in ____ are usually less competent and credible in comparison to other countries **(R)** | Seventeen_USA_R<br>Seventeen_China_R<br>Seventeen_Ger_R<br>Sevbenteen_JP_R<br>Seventeen_AUS_R<br>Seventeen_Fran_R | 1 = strongly disagree<br><br>5 = strongly agree |
| 18. Sales personnel for products made in ________ are usually unfriendly in comparison to sales personnel for products from other countries **(R)** | Eighteen_USA_R<br>Eighteen_China_R<br>Eighteen_GER_R<br>Eighteen_JP_R<br>Eighteen_AUS_R<br>Eighteen_Fran_R | 1 = strongly disagree<br><br>5 = strongly agree |
| 19. I say positive things about products made in ____ to other people | nineteen_USA<br>nineteen_China<br>nineteen_GER<br>nineteen_JP<br>nineteen_AUS<br>nineteen_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 20. Brands of products made in _____ have a good reputation | twenty_USA<br>twenty_China<br>twenty_GER<br>twenty_JP<br>twenty_AUS<br>twenty_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 21. Brands of products made in _____ usually have a bad reputation in comparison to brands of products made in other countries | twenty1_USA<br>tenty1_China<br>twent1_GER<br>twent1_JP<br>twenty1_AUS<br>twenty1_Fran | 1 = strongly disagree<br><br>5 = strongly agree |

| | | |
|---|---|---|
| 22. I consider products made in ____ my first choice | twenty2_USA<br>twenty2_China<br>twenty2_GER<br>twenty2_JP<br>twenty2_AUS<br>twenty2_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 23. I recommend products made in _____ to someone who seeks my advise | twenty3_USA<br>twenty3_China<br>twenty3_GER<br>Twenty3_JP<br>Twenty3_AUS<br>twenty3_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 24. The living standard in _____ is relative high compared to other countries | twenty4_USA<br>twenty4_China<br>twenty4_GER<br>twenty4_JP<br>twenty4_AUS<br>twenty4_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 25. The technology standard in ______ is relatively low compared to other countries **(R)** | Twenty5_USA_R<br>Twenty5_China_R<br>Twenty5_Ger_R<br>Twenty5_JP_R<br>Twenty5_AUS_R<br>Twenty5_Fran_R | 1 = strongly disagree<br><br>5 = strongly agree |
| 26. The level of education in _______ is relatively high compared to other countries | twenty6_USA<br>twenty6_China<br>twenty6_GER<br>twenty6_JP<br>twenty6_AUS<br>twenty6_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 27. Politically, ______ is considered relatively stable compared to other countries | twenty7_USA<br>twenty7_China<br>twenty7_GER<br>twenty7_JP<br>twenty7_AUS<br>twenty7_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 28. The living standard in ___ is relatively high compared to other countries | Twenty8_USA<br>Twenty8_China<br>Twenty8_GER<br>Twenty8_JP<br>Twenty8_AUS<br>Twenty8_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 29. The level of economic development is relatively low compared to other countries **(R)** | Twenty9_USA_R<br>Twenty9_China_R<br>Twenty9_GER_R<br>Twenty9_JP_R<br>Twenty9_AUS_R<br>Twenty9_Fran_R | 1 = strongly disagree<br><br>5 = strongly agree |

***Questions 30 – 37: Consumers' Perceptions of a Product COO***

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| 30. COO workers are concerned about quality | thirty_USA<br>thirty_China<br>Thirty_GER<br>Thirty_JP<br>Thirty_AUS<br>Thirty_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 31. COO manufacturers are more concerned with profits than quality | Thirty1_USA<br>Thirty1_China<br>Thirty1_GER<br>Thirty1_JP<br>Thirty1_AUS<br>Thirty1_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 32. In COO it costs too much to make a high quality product | Thirt2_USA<br>Thirty2_China<br>Thirty2_GER<br>Thirty2_JP<br>Thirty2_AUS<br>Thirty2_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 33. COO-made products can compete with imports in terms of quality | Thirty3_USA<br>Thirty3_China<br>Thirty3_GER<br>Thirty3_JP<br>Thirty3_AUS<br>Thirty3_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 34. If the quality of COO-made and imported products is the same, I will buy COO products even if it cost a bit more | Thirty4_USA<br>Thirty4_China<br>Thirty4_GER<br>Thirty4_JP<br>Thirty4_AUS<br>Thirty4_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 35. The quality of COO products over the past five years has improved | Thirty5_USA<br>Thirty5_China<br>Thirty5_GER<br>Thirty5_JP<br>Thirty5_AUS<br>Thirty5_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 36. I expect the quality of COO products to improve over the next five years | Thirty6_USA<br>Thirty6_China<br>Thirty6_GER<br>Thirty6_JP<br>Thirty6_AUS<br>Thirty6_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 37. Overall, the quality of | Thirty7_USA | 1 = strongly disagree |

| | | |
|---|---|---|
| COO products is equal to, if not better than, imported products | Thirty7_China<br>Thirty7_GER<br>Thirty7_JP<br>Thirty7_AUS<br>Thirty7_Fran | 5 = strongly agree |

***Consumers' Perceptions/Expectations of a Service COO***

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| 38. I anticipate that I will be satisfied with the service I receive from company X | Thirty8_USA<br>Thirty8_China<br>Thirty8_GER<br>Thirty8_JP<br>Thirty8_AUS<br>Thirty8_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 39. I anticipate that I will be happy about my decision to purchase from this company | Thirty9_USA<br>Thirty9_China<br>Thirty9_GER<br>Thirty9_JP<br>Thirty9_AUS<br>Thirty9_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 40. I did the right thing by purchasing the service from this company | Fourty_USA<br>Fourty_China<br>Fourtty_GER<br>Fourty_JP<br>Fourty_AUS<br>Fourty_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 41. Overall, I anticipate that I will be satisfied with this company | Fourty1_USA<br>Fourty1_China<br>Fourty1_GER<br>Fourty1_JP<br>Fourty1_AUS<br>Fourty1_Fran | 1 = strongly disagree<br><br>5 = strongly agree |

***Consumers' Perception of a Company's COO***

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| 42. COC are concerned about quality | Fourty2_USA<br>Fourty2_China<br>Fourty2_GER<br>Fourty2_JP<br>Fourty2_AUS<br>Fourty2_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 43. COC are more concerned with profits than quality | Fourty3_USA<br>Fourty3_China<br>Fourty3_GER | 1 = strongly disagree<br><br>5 = strongly agree |

| | | |
|---|---|---|
| | Fourty3_JP<br>Fourty3_AUS<br>Fourty3_Fran | |
| 44. In COC it costs too much to make a high quality product | Fourty4_USA<br>Fourty4_China<br>Fourty4_GER<br>Fourty4_JP<br>Fourty4_AUS<br>Fourty4_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 45. COC' products can compete with imports in terms of quality | Fourty5_USA<br>Fourty5_China<br>Fourty5_GER<br>Fourty5_JP<br>Fourty5_AUS<br>Fourty5_Fra | 1 = strongly disagree<br><br>5 = strongly agree |
| 46. If the quality of COC-made and imported products is the same, I will buy COC products even if it cost a bit more | Fourty6_USA<br>Fourty6_China<br>Fourty6_GER<br>Fourty6_JP<br>Fourty6_AUS<br>Fourty6_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 47. The quality of COC products over the past five years has improved | Fourty7_USA<br>Fourty7_China<br>Fourty7_GER<br>Fourty7_JP<br>Fourty7_AUS<br>Fourty7_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 48. I expect the quality of COC products to improve over the next five years | Fourty8_USA<br>Fourty8_China<br>Fourty8_GER<br>Fourty8_JP<br>Fourty8_AUS<br>Fourty8_Fran | 1 = strongly disagree<br><br>5 = strongly agree |
| 49. Overall, the quality of COC products is equal to, if not better than, imported products | Fourty9_USA<br>Fourty9_China<br>Fourty9_GER<br>Fourty9_JP<br>Fourty9_AUS<br>Fourty9_Fra | 1 = strongly disagree<br><br>5 = strongly agree |

***Consumers' Predisposition to COO: CETSCALE - consumer predisposition***

**Question 50**

| **Full Variable** | **SPSS variable** | **Coding Instructions** |
|---|---|---|

| | name | |
|---|---|---|
| 1. Only those products that are unavailable locally should be imported | Fifty_1 | 1 = strongly disagree<br><br>5 = strongly agree |
| 2 Domestic products, first, last and foremost | Fifty_2 | 1 = strongly disagree<br><br>5 = strongly agree |
| 3. Purchasing foreign-made products is un-patriotic | Fifty_3 | 1 = strongly disagree<br><br>5 = strongly agree |
| 4. It is not right to purchase foreign-made products because it puts our own people out of jobs | Fifty_4 | 1 = strongly disagree<br><br>5 = strongly agree |
| 5. A real local should always buy domestically-made products | Fifty_5 | 1 = strongly disagree<br><br>5 = strongly agree |
| 6. We should purchase products manufactured locally instead of letting other countries get rich off us | Fifty_6 | 1 = strongly disagree<br><br>5 = strongly agree |
| 7. One should not buy foreign products, because this hurts local business and cause unemployment | Fifty_7 | 1 = strongly disagree<br><br>5 = strongly agree |
| 8. It may cost me in the long run but I prefer to support local products | Fifty_8 | 1 = strongly disagree<br><br>5 = strongly agree |
| 9. We should buy from foreign countries only those products that we cannot obtain within our own country | Fifty_9 | 1 = strongly disagree<br><br>5 = strongly agree |
| 10. Local consumers who purchase products made in other countries are responsible for putting their fellow locals out of work | Fifty_10 | 1 = strongly disagree<br><br>5 = strongly agree |

**Question 51 - Purchase Attitude – Product**

| | | |
|---|---|---|
| | | |

| Full Variable | SPSS variable name | Coding Instructions |
|---|---|---|
| How likely is that you would consider purchasing products from the following countries _____ | Fifty1PL_USA<br>Fifty1PL_China<br>Fifty1PL_GER<br>Fifty1PL_AUS<br>Fifty1PL_JP<br>Fifty1PL_Fran | 1 = unlikely<br><br>9 = likely |
| How likely is that you would consider purchasing products from the following countries _____ | Fifty1PW_USA<br>Fifty1PW_China<br>Fifty1PW_GER<br>Fifty1PW_AUS<br>Fifty1PW_JP<br>Fifty1PW_Fran | 1 = definitely would not<br><br>9 = definitely would |
| How likely is that you would consider purchasing products from the following countries _____ **(R)** | Fifty1PP_USA_R<br>Fifty1PP_China_R<br>Fifty1PP_GER_R<br>Fifty1PP_AUS_R<br>Fifty1PP_JP_R<br>Fifty1PP_Fran_R | 1 = probable<br><br>9 = improbable |

**Question 52: Purchase Attitude – Service**

| Full Variable | SPSS variable name | Coding Instructions |
|---|---|---|
| How likely is that you would consider purchasing services from the following countries _____ | Fifty2SL_USA<br>Fifty2SL_China<br>Fifty2SL_GER<br>Fifty2SL_AUS<br>Fifty2SL_JP<br>Fifty2SL_Fran | 1 = unlikely<br><br>9 = likely |
| How likely is that you would consider purchasing services from the following countries _____ | Fifty2SW_USA<br>Fifty2SW_China<br>Fifty2SW_GER<br>Fifty2SW_AUS<br>Fifty2SW_JP<br>Fifty2SW_Fran | 1 = definitely would not<br><br>9 = definitely would |
| How likely is that you would consider purchasing services from the following countries _____ **(R)** | Fifty2SP_USA_R<br>Fifty2SP_China_R<br>Fifty2SP_GER_R<br>Fifty2SP_AUS_R<br>Fifty2SP_JP_R<br>Fifty2SP_Fran_R | 1 = probable<br><br>9 = improbable |

**Question 53: Purchase Attitude – Company**

| Full Variable | SPSS variable name | Coding Instructions |
|---|---|---|
| How likely is that you would consider purchasing products/services from | Fifty3CL_USA<br>Fifty3CL_China<br>Fifty3CL_GER | 1 = unlikely<br><br>9 = likely |

| | | |
|---|---|---|
| companies from the following countries ____ | Fifty3CL_AUS<br>Fifty3CL_JP<br>Fifty3CL_Fran | |
| How likely is that you would consider purchasing products/services from companies from the following countries ____ | Fifty3CW_USA<br>Fifty3CW_China<br>Fifty3CW_GER<br>Fifty3CW_AUS<br>Fifty3CW_JP<br>Fifty3CW_Fran | 1 = definitely would not<br><br>9 = definitely would |
| How likely is that you would consider purchasing products/services from companies from the following countries ____ **(R)** | Fifty3CP_USA_R<br>Fifty3CP_China_R<br>Fifty3CP_GER_R<br>Fifty3CP_AUS_R<br>Fifty3CP_JP_R<br>Fifty3CP_Fran_R | 1 = probable<br><br>9 = improbable |

**Question 54: Ranking products and service**

Respondents were instructed to rank the different countries under the assumption that products originating from them had similar attributes or features and were sold at the same price (1 = the most preferred COO and 6 = the least preferred COO for the specific product). Preference rankings were chosen over ratings.

**PRODUCTS**

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| Cars | Fifty4Cars_USA<br>Fifty4Cars_China<br>Fifty4Cars_GER<br>Fifty4Cars_AUS<br>Fifty4Cars_JP<br>Fifty4Cars_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Food Products | Fifty4Food_USA<br>Fifty4Food_China<br>Fifty4Food_GER<br>Fifty4Food_AUS<br>Fifty4Food_JP<br>Fifty4Food_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Electronics | Fifty4Elec_USA<br>Fifty4Elec_China<br>Fifty4Elec_GER<br>Fifty4Elec_AUS<br>Fifty4Elec_JP<br>Fifty4Elec_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Fashion | Fifty4Fash_USA<br>Fifty4Fash_China<br>Fifty4Fash_GER<br>Fifty4Fash_AUS<br>Fifty4Fash_JP | 1 = the most preferred COO<br><br>6 = the least preferred COO |

| | | |
|---|---|---|
| | Fifty4Fash_Fran | |
| Toys | Fifty4Toy_USA<br>Fifty4Toy_China<br>Fifty4Toy_GER<br>Fifty4Toy_AUS<br>Fifty4Toy_JP<br>Fifty4Toy_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Do it yourself | Fifty4DIY_USA<br>Fifty4DIY_China<br>Fifty4DIY_GER<br>Fifty4DIY_AUS<br>Fifty4DIY_JP<br>Fifty4DIY_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Furniture | Fifty4Fur_USA<br>Fifty4Fur_China<br>Fifty4Fur_GER<br>Fifty4Fur_AUS<br>Fifty4Fur_JP<br>Fifty4Fur_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Toiletries | Fifty4Toil_USA<br>Fifty4Toil_China<br>Fifty4Toil_GER<br>Fifty4Toil_AUS<br>Fifty4Toil_JP<br>Fifty4Toil_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |

Services

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| Education | Fifty4Edu_USA<br>Fifty4Edu_China<br>Fifty4Edu_GER<br>Fifty4Edu_AUS<br>Fifty4Edu_JP<br>Fifty4Edu_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Medical | Fifty4Medi_USA<br>Fifty4Medi_China<br>Fifty4Medi_GER<br>Fifty4Medi_AUS<br>Fifty4Medi_JP<br>Fifty4Medi_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Legal Services | Fifty4Law_USA<br>Fifty4Law_China<br>Fifty4Law_GER<br>Fifty4Law_AUS<br>Fifty4Law_JP<br>Fifty4Law_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Advertising | Fifty4Ad_USA | 1 = the most preferred |

| | | |
|---|---|---|
| | Fifty4Ad_China<br>Fifty4Ad_GER<br>Fifty4Ad_AUS<br>Fifty4Ad_JP<br>Fifty4Ad_Fran | COO<br><br>6 = the least preferred COO |
| Entertainment | Fifty4Enter_USA<br>Fifty4Enter_China<br>Fifty4Enter_GER<br>Fifty4Enter_AUS<br>Fifty4Enter_JP<br>Fifty4Enter_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Computer/IT | Fifty4IT_USA<br>Fifty4IT_China<br>Fifty4IT_GER<br>Fifty4IT_AUS<br>Fifty4IT_JP<br>Fifty4IT_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |
| Travel | Fifty4Tra_USA<br>Fifty4Tra_China<br>Fifty4Tra_GER<br>Fifty4Tra_AUS<br>Fifty4Tra_JP<br>Fifty4Tra_Fran | 1 = the most preferred COO<br><br>6 = the least preferred COO |

**Question 55: stigmatization – Bogardus's social distance scale:**

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| **I** would be willingly have **PRODUCTS** from the following country | | |
| USA | Fifty5PFam_USA<br>Fifty5Ploc_USA<br>Fifty5Psta_USA<br>Fifty5Pcou_USA<br>Fifty5PEX_USA | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score USA - Products | BogardusP_USA | 1 = no social distance<br>5 = stigma |
| I would be willingly have **SERVICES** from the following country | | |
| USA | Fifty5Sfam_USA<br>Fifty5Sloc_USA<br>Fifty5Ssta_USA | 1 = bought for my family<br>2 = being available in |

| | | |
|---|---|---|
| | Fifty5Scou_USA<br>Fifty5SEX_USA | my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score USA - Services | BogardusS_USA | 1 = no social distance<br>5 = stigma |
| I would be willingly have **COMPANIES** from the following country | Fifty5Csib_USA<br>Fifty5Cnei_USA<br>Fifty5Ccomp_USA<br>Fifty5Cnoncom_USA<br>Fifty5Clocal_USA<br>Fifty5Csta_USA<br>Fifty5Ccou_USA<br>Fifty5CEX_USA | 1 = employ my siblings<br>2 = employ my neighbors<br>3 = in a competitive business near my parents business location<br>4 = in a non-competitive business near my parents business location<br>5= being available in my local area<br>6 = being available in my state<br>7 = being available ib my country<br>8 = exclude from my country entirely |
| Social Distance Score USA - Companies | BogardusC_USA | 1 = no social distance<br>5 = stigma |

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| **I** would be willingly have **PRODUCTS** from the following country | | |
| China | Fifty5PFam_China<br>Fifty5Ploc_China<br>Fifty5Psta_China<br>Fifty5Pcou_China<br>Fifty5PEX_China | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score China - Products | BogardusP_China | 1 = no social distance<br>5 = stigma |

| | | |
|---|---|---|
| I would be willingly have **SERVICES** from the following country | | |
| China | Fifty5Sfam_China<br>Fifty5Sloc_China<br>Fifty5Ssta_China<br>Fifty5Scou_China<br>Fifty5SEX_China | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score China-Services | BogardusS_China | 1 = no social distance<br>5 = stigma |
| I would be willingly have **COMPANIES** from the following country | Fifty5Csib_China<br>Fifty5Cnei_China<br>Fifty5Ccomp_China<br>Fifty5Cnoncom_China<br>Fifty5Clocal_China<br>Fifty5Csta_China<br>Fifty5Ccou_China<br>Fifty5CEX_China | 1 = employ my siblings<br>2 = employ my neighbors<br>3 = in a competitive business near my parents business location<br>4 = in a non-competitive business near my parents business location<br>5= being available in my local area<br>6 = being available in my state<br>7 = being available ib my country<br>8 = exclude from my country entirely |
| Social Distance Score China - Companies | BogardusC_China | 1 = no social distance<br>5 = stigma |

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| **I** would be willingly have **PRODUCTS** from the following country | | |
| Germany | Fifty5PFam_GER<br>Fifty5Ploc_GER<br>Fifty5Psta_GER<br>Fifty5Pcou_GER<br>Fifty5PEX_GER | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state |

| | | |
|---|---|---|
| | | 4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score - Germany Products | BogardusP_GER | 1 = no social distance<br>5 = stigma |
| I would be willingly have **SERVICES** from the following country | | |
| Germany | Fifty5Sfam_GER<br>Fifty5Sloc_GER<br>Fifty5Ssta_GER<br>Fifty5Scou_GER<br>Fifty5SEX_GER | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score Germany - Services | BogardusS_GER | 1 = no social distance<br>5 = stigma |
| I would be willingly have **COMPANIES** from the following country | Fifty5Csib_GER<br>Fifty5Cnei_GER<br>Fifty5Ccomp_GER<br>Fifty5Cnoncom_GER<br>Fifty5Clocal_GER<br>Fifty5Csta_GER<br>Fifty5Ccou_GER<br>Fifty5CEX_GER | 1 = employ my siblings<br>2 = employ my neighbors<br>3 = in a competitive business near my parents business location<br>4 = in a non-competitive business near my parents business location<br>5= being available in my local area<br>6 = being available in my state<br>7 = being available ib my country<br>8 = exclude from my country entirely |
| Social Distance Score Germany - Companies | BogardusC_GER | 1 = no social distance<br>5 = stigma |

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|

| | | |
|---|---|---|
| **I** would be willingly have **PRODUCTS** from the following country | | |
| Australia | Fifty5PFam_AUS<br>Fifty5Ploc_AUS<br>Fifty5Psta_AUS<br>Fifty5Pcou_AUS<br>Fifty5PEX_AUS | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score - Australia Products | BogardusP_AUS | 1 = no social distance<br>5 = stigma |
| I would be willingly have **SERVICES** from the following country | | |
| Australia | Fifty5Sfam_AUS<br>Fifty5Sloc_AUS<br>Fifty5Ssta_AUS<br>Fifty5Scou_AUS<br>Fifty5SEX_AUS | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score Australia - Services | BogardusS_AUS | 1 = no social distance<br>5 = stigma |
| I would be willingly have **COMPANIES** from the following country | Fifty5Csib_AUS<br>Fifty5Cnei_AUS<br>Fifty5Ccomp_AUS<br>Fifty5Cnoncom_AUS<br>Fifty5Clocal_AUS<br>Fifty5Csta_AUS<br>Fifty5Ccou_AUS<br>Fifty5CEX_AUS | 1 = employ my siblings<br>2 = employ my neighbors<br>3 = in a competitive business near my parents business location<br>4 = in a non-competitive business near my parents business location<br>5= being available in my local area<br>6 = being available in my state<br>7 = being available ib my country<br>8 = exclude from my |

| | | |
|---|---|---|
| | | country entirely |
| Social Distance Score Australia - Companies | BogardusC_AUS | 1 = no social distance<br>5 = stigma |

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| **I** would be willingly have **PRODUCTS** from the following country | | |
| Japan | Fifty5PFam_JP<br>Fifty5Ploc_JP<br>Fifty5Psta_JP<br>Fifty5Pcou_JP<br>Fifty5PEX_JP | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score - Japan Products | BogardusP_JP | 1 = no social distance<br>5 = stigma |
| I would be willingly have **SERVICES** from the following country | | |
| Japan | Fifty5Sfam_JP<br>FiftySloc_JP<br>Fifty5Ssta_JP<br>Fifty5Scou_JP<br>Fifty5SEX_JP | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score Japan - Services | BogardusS_JP | 1 = no social distance<br>5 = stigma |
| I would be willingly have **COMPANIES** from the following country | Fifty5Csib_JP<br>FiftyCnei_JP<br>Fifty5Ccomp_JP<br>Fifty5Cnoncom_JP<br>Fifty5Clocal_JP<br>Fifty5Csta_JP<br>Fifty5Ccou_JP<br>Fifty5CEX_JP | 1 = employ my siblings<br>2 = employ my neighbors<br>3 = in a competitive business near my parents business location<br>4 = in a non-competitive business near my parents business location<br>5= being available in my |

| | | |
|---|---|---|
| | | local area<br>6 = being available in my state<br>7 = being available ib my country<br>8 = exclude from my country entirely |
| Social Distance Score Japan - Companies | BogardusC_JP | 1 = no social distance<br>5 = stigma |

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| **I** would be willingly have **PRODUCTS** from the following country | | |
| France | Fifty5PFam_Fran<br>Fifty5Ploc_Fran<br>Fifty5Psta_Fran<br>Fifty5Pcou_Fran<br>Fifty5PEX_Fran | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score - France Products | BogardusP_Fran | 1 = no social distance<br>5 = stigma |
| I would be willingly have **SERVICES** from the following country | | |
| France | Fifty5Sfam_Fran<br>Fifty5Sloc_Fran<br>Fifty5Ssta_Fran<br>Fifty5Scou_Fran<br>Fifty5SEX_Fran | 1 = bought for my family<br>2 = being available in my local area<br>3 = being available in my state<br>4 = being available in my country<br>5 = exclude from my country entirely |
| Social Distance Score France - Services | BogardusS_Fran | 1= 1 = no social tance<br>5 = stigma |
| I would be willingly have **COMPANIES** from the following country | Fifty5Csib_Fran<br>Fifty5Cnei_Fran<br>Fifty5Ccomp_Fran | 1 = employ my siblings<br>2 = employ my neighbors |

| | | |
|---|---|---|
| | Fifty5Cnoncom_Fran<br>Fifty5Clocal_Fran<br>Fifty5Csta_Fran<br>Fifty5Ccou_Fran<br>Fifty5CEX_Fran | 3 = in a competitive business near my parents business location<br>4 = in a non-competitive business near my parents business location<br>5= being available in my local area<br>6 = being available in my state<br>7 = being available ib my country<br>8 = exclude from my country entirely |
| Social Distance Score France - Companies | BogardusC_Fran | 1 = no social distance<br>5 = stigma |

Demographic questions

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| gender | Gender | 1= male<br>2 = female |
| Age | Age | continuous |
| Culture | Culture | 1= Americans<br>2 = European<br>3 = Australian<br>4= Asian<br>5 = other |
| How many countries | Many_countries | 1 = 1<br>2= 2<br>3= 3-5<br>4= 5-8<br>5= more than 8 |
| Longest time worked/lived abroad | longest_time | 1= 3-6 months<br>2=1 year<br>3=1-3 years<br>4= 3-5 years<br>5= more than 5 years |
| Worked in a country other than home country | Worked | 1= yes<br>2= no |
| Exchange semester | Exchange | 1= yes<br>2= no |
| Studying international business | InternationalBUS | 1= yes<br>2= no |
| How many courses | Courses | 1= 1<br>2=2 |

| | | |
|---|---|---|
| | | 3=3<br>4= 4 or more |
| International career anticipation | Career | 1= yes<br>2= no |

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| gender | Gender | 1= male<br>2 = female |
| Age | Age | continuous |
| Culture | Culture | 1= Americans<br>2 = European<br>3 = Australian<br>4 = Asian<br>5 = other |
| How many countries | Many_countries | 1 = 1<br>2= 2<br>3= 3-5<br>4= 5-8<br>5= more than 8 |
| Longest time worked/lived abroad | longest_time | 1= 3-6 months<br>2=1 year<br>3=1-3 years<br>4= 3-5 years<br>5= more than 5 years |
| Worked in a country other than home country | Worked | 1= yes<br>2= no |
| Exchange semester | Exchange | 1= yes<br>2= no |
| Studying international business | InternationalBUS | 1= yes<br>2= no |
| How many courses | Courses | 1= 1<br>2=2<br>3=3<br>4= 4 or more |
| International career anticipation | Career | 1= yes<br>2= no |

The GAP Test

The Global Awareness Profile test provides 120 selected questions in six geographic areas (Asia, Africa, North and South America. Middle East and Europe. The contents cover six broad context areas - environment, politics, geography, religion, socioeconomic and culture. The GAP administration takes 45-60 minutes. Once scored, subtotals are calculated so that scores can be profiled according to both geographic and context awareness, as well as for display on a group grid or graph.

| **Full Variable** | **SPSS variable name** | **Coding Instructions** |
|---|---|---|
| Self assessment before taking the test | self | percentage |
| environment | ENV | Actual score |
| politics, | POL | Actual score |
| geography | GEO | Actual score |
| religion | REL | Actual score |
| socioeconomic | SOE | Actual score |
| culture | CUL | Actual score |
| Sub score | GLB | Actual score |
| Asia | AS | Actual score |
| Africa | AF | Actual score |
| North America | NA | Actual score |
| South America | SA | Actual score |
| Middle East | ME | Actual score |
| Europe | EU | Actual score |
| Total GAP Score | TOTAL | Actual score |